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## Surprise help for housing market

# Mortgage cut gives Tories election boost

By Robin Oakley and Lindsay Cook

LEADING mortgage lenders cut their interest rates to below 11 per cent yesterday in a surprise effort to stimulate the stagnant housing market.

The half-point cut delighted ministers, who were told about the decision five minutes before yesterday's cabinet meeting. Downing Street swiftly pointed out that an average borrower's monthly payments have fallen by £127 in the past year.

Rates for first-time buyers are now at their cheapest since 1978, and this seventh reduction in 16 months gives the lowest basic mortgage rate for three and a half years.

The government insisted that there had been no deal with the building societies in the wake of the stamp duty moratorium announced before Christmas. But ministers were pleased both by the po-

tenential fillip for the housing market and because the lenders' readiness to cut rates for commercial reasons may help to restore the economic optimism that is vital to their re-election hopes. City analysts, however, were sceptical about whether a half-point cut would be enough to lure buyers to the market while unemployment was still rising and with a general election on the horizon.

Abbey National led the way yesterday morning when it introduced a base rate of 10.99 per cent that will reduce monthly payments on a £55,000 endowment loan by about £22 a month. The new rate will operate immediately for new buyers and from March for existing borrowers.

Within the hour, the Halifax and Nationwide had cut their rates, while the Woolwich and Cheltenham & Gloucester said they would remain competitive.

The reduction for loans above £60,000 was smaller, but they will still be cheaper than smaller mortgages. First-time buyers borrowing £100,000 or more will pay less than 9 per cent. This move cuts first-time buyer rates to their lowest since 1978, and we are confident that the cut will be shot in the arm for the housing market," John Bayliss, the Abbey National managing director said.

The Halifax, the largest lender, will now charge 10.95 per cent for mortgages up to £60,000; 10.5 per cent for up to £100,000 and 10.3 per cent over that. The Nationwide has fallen into line with the Abbey National with rates of 10.99 per cent, 10.55 per cent and 10.4 per cent, although that rate applies only to loans over £120,000. All three offer a one-and-a-half-point discount for first-time buyers.

The cuts depend on bank base rates not being increased to support the pound, and ministers said yesterday the lenders had been given no guarantees that this would not happen. But the government has made clear since Christmas that everything possible will be done to resist a damaging rise in the cost of borrowing and the markets have begun to indicate their belief that such a move will be avoided.

Norman Lamont, who briefed the cabinet on the Abbey National decision, said the cuts were very welcome and would reinforce his move on stamp duty to help to increase housing market activity. In the Commons, the Chancellor held out the prospect of lower inflation and said the lower rates would have a beneficial effect.

Conservative MPs discounted any political motives in the societies' actions, saying they owed no favours to a government that had taken an extra £250 million in tax from them in the last Budget and, anyway, they could not afford to succumb to pressure to cut rates to help either party to win an election. One ministerial aide added that the cut was in the societies' own interests. "They have plenty of money in the kitty."

The Treasury believes the societies have seen a chance to steal a march on the banks and keep a bigger share of the market once it picks up.

Labour, too, was disinclined to suspect any conspiracy, seeing the move more as an attempt to boost the housing market while stamp duty is suspended.

Jim Birrell, chief executive of the Halifax, supported that view when he said: "For some time now we have been keen to reduce mortgage rates to help hard-pressed borrowers and stimulate the housing market."

The £750 million rescue package announced last month should take 20,000 repossessed homes off the market and the raising of the mortgage ceiling to £125,000.

Logjam eased, page 2  
Comment, page 23

## Polls give mixed signals to Major

By Robin Oakley, Political Editor

CONSERVATIVE momentum was maintained yesterday in the intensifying electoral battle. Along with the surprise cut in mortgage rates, the latest Gallup poll, published in *The Daily Telegraph* today, put the Tories ahead by 4.5 per cent.

Gallup with fieldwork conducted from January 8-13, put party support at Conservatives 42 per cent, Labour 37.5 per cent, Liberal Democrats 16 per cent and others 4.5 per cent.

An NOP poll for *Newsnight* and *The Independent*, however, had Labour ahead by three points. It measured party support at Labour 43, Conservatives 40 and Liberal Democrats 13.

There was further bad news for John Major and the government with unemployment figures at the highest level for four years in December.

The Tories gained their Gallup lead, their biggest poll

margin since early September, on a day when ministers were merrily exploiting Labour's tangle over whether it will phase in gradually or implement immediately the promised abolition of the ceiling on national insurance contributions.

Chris Patten, the Conservative chairman, accused Labour of running scared over the controversial plan to hit all earners' over £20,280 a year by removing the ceiling on national insurance contributions. But John Smith, the shadow chancellor, denied that there had been any change in policy and refused to confirm whether the party would abolish the ceiling immediately or phase in the tax changes over a period, invoking a Chancellor's right.

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Parliament, page 6  
Peter Riddell, page 12  
Leading article, page 13



Up and about: Mother Teresa leaving Scripps Clinic in La Jolla, California, after three weeks of treatment for bacterial pneumonia and heart problems

## Ousted leader flies into Georgia to fan civil war

From Bruce Clark in Moscow and Andrew Finkel in Istanbul

FEARS were growing last night of a broadening conflict on Russia's southern flank after Zviad Gamsakhurdia, the deposed president of Georgia, flew back to the west of his republic and proclaimed a "civil war" against the regime which overthrew him ten days ago.

The Georgian leader called on thousands of his supporters in the staunchly loyal town of Zugdidi to march on Tbilisi, the capital from which he fled to Armenia on January 6 after rebels bombarded the parliament building in which he had been sheltering.

Tengiz Kitovani, one of the military commanders who removed Mr. Gamsakhurdia, said that the president faced an "unenviable task" and announced that armed units had been dispatched to stop his supporters blocking roads in western regions. He hinted that Moscow's troops might be used as well.

"It is suggested to Zviad Gamsakhurdia that he should leave Georgia again—"



if he does not, an unenviable destiny awaits him," Mr. Kitovani said. "We have enough strength and resources to change the situation in western Georgia in our favour," he told Tass.

The national guard commander, who broke with Mr. Gamsakhurdia after accusing him of cowardice during the August coup, said that the blocking of road and rail transport was a matter of acute concern to the Kremlin's forces in Transcaucasia, who relied on these transport links for their provisions.

Turkish troops were put on a state of alert along their

border with Georgia yesterday. The intention was to keep out any influx of refugees, according to the governor of Artvin, Selahattin Onu. Turkey has been on the receiving end of two waves of refugees — Bulgarian Turks in 1989 and Iraqi Kurds last April — and it is determined to prevent a third.

The latest unrest however, so close to its territory, is a sharp reminder of the downside of the disintegration of what was once the Soviet Union. Whereas even Turgut

Continued on page 18, col 5  
Yeltsin victory, page 8

## Magazine ordered to stop Maxwell issue

From Philip Jacobson in Paris

A COURT in Paris ordered the magazine *Paris Match* yesterday to withdraw from sale in France all copies of last week's issue showing photographs of the post-mortem examination of Robert Maxwell. It also awarded his French-born widow, Elisabeth, 100,000 francs (about £10,000) in provisional damages because the magazine had exceeded "the limits of freedom of speech".

The court instructed bailiffs to ensure that the offending issue was withdrawn. *Paris Match* is published on Thurs-

days, so most of that issue will have been sold. However, the new issue devotes another four pages to "Le Mystère Maxwell" and repeats the original claim that he was severely beaten before he disappeared from his yacht.

The magazine said yesterday that the photographs of Mr. Maxwell in an Israeli mortuary "will help people to know what really happened because the Maxwell family must now go public with the autopsy results".

Loan vanished, page 19

## 7 million poll tax orders could be invalid

By Douglas Broom  
LOCAL GOVERNMENT  
CORRESPONDENT

EVERY one of the seven million poll tax payment orders made since April 1990 could be declared invalid if the government attempts to close a legal loophole in enforcement proceedings, Kenneth Baker, the home secretary, was warned yesterday.

More than 3,900 cases have been halted in the past two weeks after lawyers for anti-poll tax campaigners argued that councils in Kent, Liverpool, London and Suffolk could not rely on computerised records as evidence of non-payment of the poll tax.

Yesterday magistrates at Camberwell, southeast London, adjourned 2,400 cases after Lambeth council sought time to consider the implications of the rulings.

Government lawyers have advised Mr. Baker that if he changes the law to close the loophole it will effectively invalidate all previous liability orders granted by the courts. He will confirm that the legislation was faulty.

However they have also advised him that councils will not have to repay them more than £1 billion which they have recovered through the courts in the past 18 months if the orders are declared invalid. Counsel agree that because individuals are required by law to pay the poll tax they cannot have their payments refunded even if the money was extracted by court orders.

Local authorities may, however, be required to refund legal costs of up to £100 per person which defaulters have been ordered to pay. There is, however, a substantial risk that councils will have to pay damages to people imprisoned for non-payment on the basis of liability orders which become invalid.

The Poll Tax Legal Group, which monitors cases around the country, says that about 170 people have been jailed for non-payment. In recent cases of wrongful imprisonment courts have awarded up to £250 in compensation for each hour in custody, equivalent to £6,000 a day.

Last night, the Home Office said that it was considering the situation urgently.

Labour attack, page 2

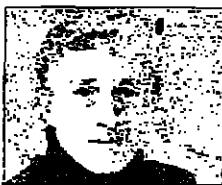
TOMORROW'S  
TIMES

MAROONER



Sue Lawley tells Weekend Times about John Major, her painstaking castaway on the 50th anniversary *Desert Island Discs*

LUVERLY?



Jasper Conran tells the Saturday Review about *My Fair Lady* — and life with a Superwoman

TODAY

SOFT SPOT



Richard Cork finds tenderness among the triumphalism in the new Mantegna exhibition Page 10

SHHHHHH!



George Carman QC, defender of Thorpe, Dodd, Tebbitt and the right to silence, speaks out Page 11

## Rugby stars cash in

England's rugby union players have received approval from the game's governing body for their promotional "Run with the Ball" scheme. Each member of the squad that played in last year's World Cup will eventually receive more than £5,000.

Players will be able to advertise non-rugby products, provide services to non-rugby organisations, speak or appear at non-rugby functions, write books and articles, broadcast and open non-rugby premises. Page 32

## Book appeal

Book Aid, the campaign to send a million books in English to the former Soviet Union, has announced its national appeal week, which is supported by *The Times*. Page 7  
Leading article, page 13

## Accused 'lied'

A Briton accused of murdering his wife told a Spanish court he faked a confession to protect a family member. Page 3

## Yeltsin wins

President Yeltsin salvaged his radical economic reform programme and won a tactical victory when few parliamentary deputies dissented with his price liberalisation policy. Page 8

## Israel threat

Israel's government came a step closer to collapse when a second right-wing party vowed to pull out of the coalition. Page 9

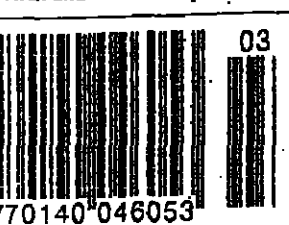
## TSB setback

TSB, the bank floated on the stockmarket in a blaze of publicity in 1986, lost £47 million last year although the year's final dividend will remain unchanged. Page 19

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The Institute of Chartered Accountants' PE 1 November 1991 results will be published tomorrow. Copies will be on sale this evening from 10pm at Charing Cross, King's Cross and Victoria stations, Marble Arch and Leicester Square.



## The City helps Russia get out of the red

By Michael Binyon  
DIPLOMATIC EDITOR

ONE thousand would-be solicitors, bankers and insurance agents from the former Soviet Union are to be placed in British firms around the country to learn the tricks of these Western trades that for 70 years have found little scope in the communist system.

Norman Lamont, the Chancellor of the Exchequer, announced yesterday that he is writing to companies in the City and around the country urging them to provide opportunities for work experience. It will be one of the largest, single training schemes for foreign students ever sponsored by the government.

The British Council will pick the candidates, and Whitehall will organise and pay for the administration of the scheme, including initial orientation, language and financial training for

those selected and travel expenses. The total cost will be about £8 million. In the past six months a rash of commercial banks, law firms and stockbroking agencies has sprung up in Moscow and St Petersburg. But most of the would-be City slickers are as bewildered by what they are doing as their distrustful customers, and many are making do by mugging up on the basics of banking from books and hastily translated manuals they have managed to obtain from the West.

Mr. Lamont, who visited the Soviet Union last year, said President Yeltsin told him that Russia needed, above all else, Western training, expertise and know-how. He asked Britain to consider providing secondments for hundreds of Russians, so that they could learn first-hand how a market economy works and bring back their new skills to Russia. "President Yeltsin was absolutely right," he said. "Understanding the

benefits of a modern financial services industry and how to run one is a key priority for the newly independent states. The City of London and the UK's financial, insurance and legal services sector have unparalleled expertise. I am sure that many firms will respond positively to their initiative and make a most valuable contribution at this momentous time."

Mr. Lamont has asked brokers, accountants and building societies to take in the young entrants for between six months and a year. The CBI has added its backing, and is already having talks with the Treasury on setting up a steering committee to run the British end of the scheme.

Despite the undoubted allure of life in Britain, all the applicants will have to go home after their placement. They will not end up rich — pocket money is the most they are likely to receive, as well as food and lodging.



64b

## Meet a new breed of businessman. (They're called miners.)

You may not think our workforce has much in common with Sir John Harvey-Jones, but as far as we're concerned, they've got as much to offer. Their attitude has helped to more than double productivity in just five years. It also put us into profit last year.

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THE ENERGY TO SUCCEED



# Solicitors force Lord Chancellor onto ropes over fixed fees



Lord Mackay: may be target of court action

THE Lord Chancellor faces mounting pressure to defer his proposals for a new system of fixed fees for legal aid work in magistrates' courts after the Law Society announced yesterday that the issue had been referred to the Royal Commission on Criminal Justice.

Law Society leaders hailed the commission's involvement as a significant move when more than 350 solicitors met to debate what action to take over the Lord Chancellor's proposals. It is looking increasingly likely that the Government may now be unable to meet its target of introducing the new fixed fees, which replace the present system of payment by hourly rates, by April 1.

A dispute over payments for legal aid work has been referred to a royal commission. The Law Society is still ready to strike, Frances Gibb writes

confirmed that their local law societies would take strike action as a last resort by withdrawing from the duty rotas for giving free advice to people in courts or police stations. The Law Society made clear that it would, if necessary, take the Lord Chancellor to court over the proposals.

Philip Ely, the Society's president, told meeting in London of solicitors from law societies throughout England and Wales that the Royal Commission had noted its concern about plans to change the basis of payment in

magistrates' courts. Mr Ely said that the commission had invited further evidence from the society, saying that it would be "very concerned if the consequences of the proposed arrangements were to do damage to the criminal justice system".

He added: "In the meantime I urge the Lord Chancellor to await the outcome of the royal commission and not to take further action to implement his proposals."

Mr Ely told solicitors, who were united in their calls for a strong lead from the Law Society in fight-

ing the proposals, that he believed the Lord Chancellor was willing to reconsider the planned changes.

Lord Mackay has agreed to address a second national meeting of legal aid solicitors on February 12.

Mr Ely said that the Lord Chancellor's officials had conceded that there were defects in its survey which forms the basis for assessing the new, fixed fees. "Some of the points we have made about the defects in the survey are powerful ones",

Robert Winstanley, a Law Society council member, said that the threat of taking the Lord Chancellor to court "may yet prove a very strong weapon in the society's armoury". The new proposals "threatened the quality of justice

available to those facing criminal offences", he said.

Solicitors in many cases would make a potential loss which was greater than the fee payable. "In my view this amounts to a capping of the resources available to the defence."

One main factor in miscarriage of justice was the inadequacy of resources available to the defence compared with the prosecution, he said. The Lord Chancellor's proposals would tip the balance even more away from the defence, he added.

Alec Atchison, of Central and South Middlesex Law Society, said it was incredible that the profession was debating strike action. "We could not have envis-

aged that even five years ago, I have never known a Lord Chancellor who is so heartily disliked by the whole profession."

Law Society leaders said that they were not prepared to endorse strike action by solicitors who provided a vital service to those at risk of losing their liberty. Robert Winstanley said that the society sympathised with those who withdrew their services and they had every right to do so.

But he added: "Solicitors can't have it both ways. No more than hospital doctors could, withdraw their services from the sick and injured can the Law Society call for solicitors to withdraw their skills from those threatened with a loss of liberty."

## Farmers earning less than ten years ago

By MICHAEL HORNSBY, AGRICULTURE CORRESPONDENT

FARMERS' incomes fell by 18 per cent in real terms last year, continuing a ten-year decline, and the number of people employed on the land fell by almost 1,200 a month, according to the government's latest annual agriculture report.

David Naish, president of the National Farmers' Union, said that the statistics were appalling. "They not only confirm the downward trend of the past years but bring the industry's real income to its lowest level since the last world war."

"They reinforce the need for a reform of the European Community's common agricultural policy that will allow farmers time to adapt to lower levels of support. It is vital for the government to ensure that those parts of the reform proposals that discriminate against United Kingdom farmers are removed," Mr Naish said.

John Gummer, the agriculture minister, said 1991 was not an easy year for farmers but that the fall in income had been from a higher level in 1990 than had been forecast. He said that his aim was a competitive and efficient agriculture in the EC that would "safeguard the environment and apply fairly to all producers regardless of the size and location of their farms."

The report shows that the income of farmers and their wives was £1,224 million last year, compared to £1,418 million in 1990, a nominal decline of 13.7 per cent and a real decline, after allowing for inflation, of 18.3 per cent. That comes on top of a fall in

real incomes of 14.2 per cent in 1990.

Even in straight cash terms, the average farmer's income is less now than it was ten years ago when the purchasing power of the pound was twice its present level.

The report shows that the number of full-time farmers fell by 5,000 to 178,000 in 1990-1, and the number of people employed in agriculture, including farmers, their wives, other family members and employees, fell by 14,000 to 628,000, which represents only 2.1 per cent of the national workforce.

Farmers increased their bank borrowing last year, but were helped by a fall in interest rates which cut their interest payments by £148 million, a reduction of 14 per cent. However, that was offset in part by increases in the costs of rent and labour.

The overall figures conceal big differences in wealth. Large dairy farms in England and Wales averaged net incomes last year of between £36,000 and £42,000, while small upland livestock farms recorded average net incomes of no more than £2,000-£3,000. Large cereal farms averaged a net income of £34,000 against only £3,200 on small farms.

Meanwhile, the Farmers' Union of Wales said yesterday that the average income of farmers in the Welsh uplands fell last year to £7,561, or £144 a week and 25 per cent less than they were earning in 1989.

Job loss fears, page 4  
Letters, page 13

## Toxic tin mine water gushes into river

By MICHAEL MCCARTHY, ENVIRONMENT CORRESPONDENT

CONCERN was growing last night about the threat to Cornish shellfish beds and fish stocks from millions of gallons of heavily contaminated water which has escaped from a disused tin mine.

In one of Britain's worst pollution incidents, water from the Wheal Jane mine, near Truro, containing high levels of toxic heavy metals, including cadmium, zinc and arsenic, has spread down the River Carnon and into the Carrick Roads estuary off Falmouth. The extensive reddish-brown slick has passed over nearly 4,000 acres of oyster beds in the River Fal and is now moving into the sea. Last night fishermen and oyster farmers were holding emergency talks with environmental health officers.

Water began to build up in the Wheal Jane mine after pumping stopped when the mine was closed down in March last year and burst out through a shaft in November. The company owning the mine, Carnon Consolidated, pumped the water away for treatment with National Rivers Authority co-operation and financial help.

The operation stopped on January 4 and on Monday night the water burst out through another shaft. The company's managing director, Kevin Ross, said that the pollution was a one-off event which would not happen again. The incident was the result of the "catastrophic failure" of a plug, which caused a huge quantity of water suddenly to discharge.

Up to ten million gallons of water are thought to have poured into the Carnon, which is already highly polluted, and flowed down into Restrongue Creek and Mylor Creek on the edge of Carrick Roads.

The NRA said last night that the flow of discoloured water had stopped for the present. Its engineers were urgently seeking a long-term solution. This may involve diverting the polluted water through marshland, where much of the heavy metal content would be taken out naturally.

The fragile ecology of a Scottish loch is in danger of being destroyed by the presence of a fish farm despite protracted legal moves, involving the Scottish Office and Scotland's supreme civil court, to have the operating company banned from the site, according to conservationists.

Although Loch Obisary, North Uist, was designated as a site of special scientific interest by the Nature Conservancy Council for Scotland in 1986, fish cages were placed in the loch by the North Uist Fisheries company two years ago.



Sound of music: Simon Rattle, conductor of the City of Birmingham Symphony Orchestra, rehearsing for a performance of Copland's *Fanfare for the Common Man* in Birmingham cathedral yesterday. Last night he received the annual award of the National Association of British Orchestras for promoting the art. On

BBC radio earlier he had said that new-style lessons for schoolchildren spelt disaster for British music. He criticised plans for children as young as five to study Mozart, Tchaikovsky and Stravinsky under the national curriculum. The new courses emphasise the importance of great classical composers after the national curriculum coun-

cil (NCC) overruled its own experts who wanted children to concentrate on playing music. Mr Rattle said: "The NCC advocates a return to the passive history and appreciation teaching of 30 years ago. If education secretary Kenneth Clarke accepts the NCC document it would be the greatest disaster for music in Britain in my lifetime."

## Action on poll tax grinding to a halt

LEGAL action against poll tax defaulters in England and Wales is likely to come to a halt within days as councils wait for the government or the courts to resolve the legal challenge to the right to take defaulters to court.

The extent of the legal quagmire emerged yesterday as lawyers said that even if councils abandoned computer records and returned to using quill pens and ledgers they could not plug the legal loophole that has halted cases. Many councils have decided to ask magistrates to adjourn cases where the issue is raised, to await government action or a ruling in a higher court.

Initial reports suggested that the issue centred on the rights of councils to use computer records as evidence of non-payment. Lawyers have in fact argued that written records were equivalent to hearsay evidence and that only the verbal evidence of an individual could be taken as proof of what a written record said.

The case, *Myers v DPP*, led to an investigation by the law reform committee of the Lord Chancellor's department, which recommended that the law be changed to permit the use of written records as primary evidence. Although the 1968 Civil Evidence Act made the necessary changes in the county courts and the

Councils are reluctant to cross the legal quagmire affecting poll tax cases, writes Douglas Broom

High Court, it was never extended to cover civil proceedings in magistrates' courts. Until the introduction of the poll tax in 1990, magistrates had little need of the powers but since then they have dealt with more than eight million summonses for non-payment of the tax. To get around the problem councils have considered calling their cashiers to give evidence of non-payment using computer records.

However lawyers representing anti-poll tax groups have argued that under the 1938 evidence act, which governs evidence in civil proceedings in magistrates' courts, council staff cannot do that. They say the 1938 act bars people with "an interest" in the outcome of the case from giving evidence in such circumstances and, they say, the courts have long held that an employee of the plaintiff has "an interest".

The only way out, they argue, is a change in the law. So far the argument has brought almost 4,000 cases to a halt but it has yet to be tested in a higher court, although that test may come within weeks.

Baker warned, page 1

## Labour attacks 'power abuse'

By NICHOLAS WOOD, POLITICAL CORRESPONDENT

CONSERVATIVE councils are to get a far bigger increase in Whitehall grants than their Labour counterparts, Opposition leaders said yesterday as they accused Michael Heseltine of abusing power for political advantage.

Bryan Gould, Labour's environment spokesman, said that the environment secretary had deliberately cooked the books to hold down poll tax bills in Conservative areas and force them up in Labour ones. However, Michael Portillo, the local government minister, dismissed the accusations as "ludicrous".

The final round of poll tax demands are due to go out in late March or early April, perhaps only days before the election, and ministers are nervous about their likely impact. Labour says the govern-

ment has manipulated the complex formulae determining central grants to sweeten voters in Tory strongholds.

Drawing on a survey by the Local Government Information Unit, financed by Labour councils, Mr Gould said Tory councils in shire districts would enjoy a rise in standard spending assessments averaging 45 per cent above their Labour counterparts.

"This report produced by the LGIU shows that the whole grants system has been rigged... Mr Heseltine has a clear political game plan. He is attempting, however, to use the poll tax against Labour councils."

The LGIU compared the government's assessment of what district councils should have spent in 1991-2 with the proposed level for 1992-3. It found that the average increases were: Conservative councils, 5.67 per cent; hung councils, 5.33 per cent; Liberal Democrat, 4.87 per cent; Labour, 3.92 per cent.

Mr Portillo said: "The claims are ludicrous and it is significant that only shire districts have been selected for analysis. There is no mention of London authorities like Hounslow up 10 per cent, Haringey up 9.9 per cent and Lewisham up 8.1 per cent."

"The top three highest grants in the country go to non-Conservative authorities Hackney, Tower Hamlets and Islington."



Gould: claims grants system has been rigged

## Ulster talks collapse

Negotiations between Peter Brooke, Northern Ireland secretary, and Ulster MPs broke down last night after failing to reach agreement on the revival of peace talks over the future of the province (Sheila Gunn writes).

During the private discussions at Westminster, Ulster Unionist MPs fell out with SDLP MPs about the effect of the general election on any talks. Mr Brooke and Brian Mawhinney, the Northern Ireland security minister, have made no dates for further negotiations with the political parties, virtually ruling out the prospect of peace talks resuming at the end of this month.

The latest obstacle appeared to be the Ulster Unionists' insistence that a future Labour government should also be bound by any agreement reached. However the mainly Catholic SDLP wants peace talks to be unaffected by the election.

After yesterday's meeting John Hume, leader of the SDLP MPs, said: "Why not resume the talks now where we left off? Having spent two years negotiating the basis of them, everyone should by now have put in their reservations."

## Police injured in wake fight

Three policemen were injured yesterday in a confrontation with mourners during a wake at a public house in Salford, Greater Manchester, for a gunman who shot himself after first killing his girlfriend.

The officers were attacked with bricks and glasses after claims that they had tried to arrest one of the pallbearers at the funeral of Ian Spiers. Police reinforcements, some in riot gear, sealed off the street but allowed the wake to continue. Two police vehicles were also damaged but there were no arrests.

## Esso increases petrol price

Esso petrol prices are to rise today by 4.4p a gallon, only a fortnight after they were cut by up to 7p. The company blamed the move on the weakening of the pound against the dollar and a rise in international petrol prices. Other leading suppliers are likely to follow suit shortly.

The rise takes the cost of a gallon of Esso unleaded to 204.1p (44.9p a litre) and Esso four-star to 220.5p a gallon (48.5p a litre). The price of Esso diesel, presently 197.8p a gallon (43.5p a litre), is unchanged.

## Garda admits secrets offence

A former Irish police officer arrested during an investigation into IRA activity in the republic pleaded guilty to a charge under the Official Secrets Act at the special criminal court in Dublin yesterday.

Denis Kelly, aged 28, from Mallow, Co Cork, admitted possessing a document containing information relating to operations or projected operations of the gardai. Kelly, a garda for nine years, based at Limerick city, was remanded on £30,000 bail until January 31.

## Doctor cleared of sex assault

A doctor accused of indecently assaulting the manager at his practice was cleared yesterday by Durham crown court. Bob McManners, aged 43, had been accused of fondling Jean Reece, aged 57, in her room at a hotel where he and his four partners, based at Bishop Auckland, Durham, spent a business weekend.

The court was told that the allegation was made against a background of problems in the practice.

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Barry Zwiir

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## Rate cuts ease logjam for first-time buyers

ESTATE agents believe that yesterday's building society interest rate cuts combined with the stamp duty "holiday" will help the bottom end of the housing market.

James Laing, partner at the estate agents Strutt and Parker said: "The interest rate cut has to give confidence to the market. This has clearly indicated to me that the next base rate move is likely to be downward."

People had delayed buying homes because of uncertainty about interest rates, said Laing. "There are people who want to buy homes but have been prevented from doing so because of uncertainty about interest rates, whether Labour or Conservative will win the election, and when the election will be." At least one element of uncertainty had now been removed, said Mr Laing. "It's a little

There will be no stampede. But lower interest rates could give a modest lift to the bottom of the market, reports Rachel Kelly

thing like this that gives confidence to the market." The temporary abolition of stamp duty, implemented from midnight on December 19, and affecting houses costing less than £250,000, was also helping to reduce the logjam at the bottom end.

"This has affected one or two cases at the bottom end of the market," said Mr Laing. "There the difference of one per cent in value unlocks a logjam. Because of Christmas, the stamp duty abolition has not yet

affected sales more generally. But I am confident that it will make a difference in the months ahead."

Analysts are more sceptical. The abolition is merely tinkering at the edges, they say. "I don't think it will kick-start the market," said Jeremy Brown, housing partner at Coopers and Lybrand Deloitte. "But it will always be hard to judge the impact of this, because many factors affect decisions to buy, so one can't isolate a single reason. And statistics for January for house transactions, which help judge the effect, have yet to be calculated, and even then some of those would have been begun before the abolition."

One per cent on, say, a £60,000 loan, worth £600 may not on its own be enough to influence a buyer. "It could be outweighed by problems

getting a loan," said Mr Brown. "The measures are modestly helpful, but they do not give enough to give the market the lift it requires."

John Wrigglesworth, of Philips and Drew, said: "We will see an artificial boom just before the deadline expires - as we saw in August 1988 - and then property prices will fall again and we will be in an even worse mess than we are now."

Martin Holden, from Viner Carew, a Plymouth estate agent, said: "The interest rate cuts will particularly help first time buyers. It will help get confidence going. We have already seen an upturn in activity since the beginning of the year, helped by the abolition of stamp duty."

Rate cut, page 1  
Hope for Big Apple, page 12



# Costa Briton 'cut up wife's body after argument'

By BILL FROST

A BRITON accused of murdering his wife told a Spanish court yesterday that he faked a confession to protect another member of his family.

Stuart Hutchinson, aged 47, told a panel of three judges in Malaga that he admitted murdering his wife Alice to death after two detectives from Scotland told him that his teenage daughter would also be held responsible.

The court heard that Mr Hutchinson confessed to Spanish police that he had killed his wife after an argument at the couple's villa at Bel Santa, on the Costa del Sol. He is alleged to have dismembered and burnt the body, disposing of the remains in rubbish bins on the seafloor of the resort town of Fuengirola.

Mr Hutchinson, who has pleaded not guilty, told the court his wife had left home after an argument on the night of February 28, 1989. He claimed to have seen her on two occasions after her disappearance, and that she had left him to find work as an opera singer in Covent Garden.

A state prosecutor read out Mr Hutchinson's original statement to police, in which he described how he bludgeoned his wife to death with a baseball bat, after she had taunted him over the death of their son, aged three months, from spina bifida.

Also in court was Mr Hutchinson's daughter, Katinka,

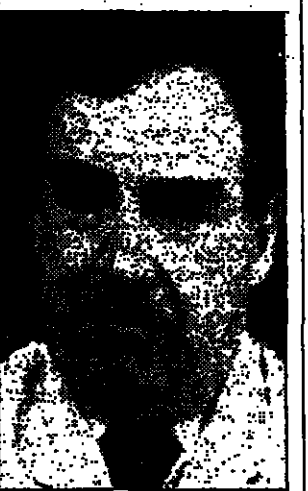
aged 16, whose previous absences had forced a adjournment. She was allowed to give her evidence in secret. Counsel for the prosecution said that the teenager had confirmed that she was not allowed in the master bedroom, where the murder allegedly took place, for a week after her mother's disappearance.

Mr Hutchinson, who was arrested while he was in bed with a Dutch girl two months after his wife went missing, allegedly told Spanish police that he had drained her body of blood in the bathroom before saving it into 38 pieces. He later burnt the remains inside four paint drums after dousing them in petrol in the garden. He is alleged to have told police that he had burnt her head in the villa's fireplace.

The court heard from a forensic scientist that Mrs Hutchinson's head would have exploded in the heat and that little would have been left of her body. He also told the court that bloodstains found in the bedroom and bathroom were typical of those produced after a violent struggle and the subsequent dismemberment of a body.

Mr Hutchinson married his wife ten years ago in Aberdeen, where he worked in the oil industry. The couple moved to the Costa del Sol in 1987 where Mr Hutchinson ran a removal business. They have three children by previous marriages.

The court heard that Mrs Hutchinson was a leading member of the Fuengirola Operatic Society. Spanish detectives eventually arrested Mr Hutchinson after his father-in-law, James Davidson, from Aberdeen, reported his daughter missing to police in Aberdeen. Two Scottish detectives travelled to Spain to help Spanish investigators. The hearing continues today.



Hutchinson: told police head burnt in fireplace

## Geese offered a safe haven

By LOUISE HINDS

OFFERS from around the country to give a new home to a flock of Canada geese could win the birds a reprieve from a south London council's plans to cull them by shooting. The rescue proposals include one to take them by truck to Scotland, and another to give them a home in Canada.

Wandsworth council planned to shoot 200 of the 800 geese which, it says, are polluting waterways and destroying vegetation in Battersea Park. However, the council is now sifting through the more serious offers, and hopes to make a decision in the next few days on the birds' fate, although shooting remains an option.

At a stormy meeting of the council's leisure and amenities committee earlier this week, members of the public heckled councillors who refused to hear a representative of Bird Aid suggest alternatives to a cull. Protesters have kept a night-time vigil in the park all week to stop contractors shooting the birds.

Welfare groups, including the RSPCA, Bird Aid and the International Fund for Animal Welfare, have said that there are little more than 400 geese in the park and that if a cull were necessary it could be done more efficiently and humanely by pricking the birds' eggs. The council said, however, that a two-year egg-pricking campaign in the borough had been ineffective in reducing numbers.

The RSPCA, which had written to the council urging it to reconsider, said yesterday that it was glad it was now looking at alternatives. A spokesman said, however: "Moving the geese out of the area is preferable on welfare grounds but is unlikely to be completely effective. Canada geese have no concept of political boundaries, and geese from other areas are likely to fly in to take up the position vacated."

Canada geese were first introduced as "ornaments" in the gardens of stately homes in the 17th century. They are now considered native and there are an estimated 60,000 across the country, and 5,000 in greater London alone. Their number is expected to double by the end of the decade.



Leaving her troubles behind: the Duchess of York, accompanied by her father, Major Ronald Ferguson, arriving at Heathrow airport yesterday before flying to America to attend charity events in Florida. The duchess, shuffling off a welter of press speculation and innuendo about a relationship with Steve Wyatt, the son of a Texas oil millionaire, smiled broadly to a posse of twenty tabloid journalists and, by chance, the comedian Frankie Howard, as

she boarded the aircraft (Alan Hamilton writes). She seemed unconcerned by the furore caused by the disclosure that private photographs said to show her on a Mediterranean holiday with Mr Wyatt had been found by a cleaner in a London apartment and handed to the police. They have since been returned to her. According to some newspapers, some of the pictures show the duchess sitting on a swing chair with Mr Wyatt, aged 38, their arms around

each other. Friends of the duchess have been quoted as saying there was "nothing improper" in the relationship and that it ended in 1990, but the denials have not prevented blanket coverage of the episode. During her four-day visit to West Palm Beach, the duchess will attend several charity functions including a polo match at which she will be presented with a cheque for £15,000 for the Motor Neurone Disease Association, of which she is patron. The

cheque will be presented by Cartier, the jewellers, which is sponsoring the match and the duchess's visit. Major Ferguson, as well as being the Prince of Wales's polo manager, is polo adviser to Cartier, in which capacity he has joined the trip. During the duchess's absence, her husband, the Duke of York, will continue with an introductory science and technology course at the Royal Military College of Science at Shrivenham, Oxfordshire.

## Killer who taunts police had strangled girl victim

By CRAIG SETON

A TEENAGE girl who was kidnapped and murdered during a bizarre "game" her killer claims to be playing with the police had been strangled and her body kept hidden for up to ten days before being dumped, an inquest was told yesterday.

The inquest on Julie Dart, aged 18, at Grantham, Lincolnshire, was the first time it had been revealed publicly that Miss Dart had died from strangulation with a ligature. It was told that she had been first knocked unconscious by two blows to the back of her head with an edged, heavy instrument after her abduction in Leeds on July 10.

Her naked body was found wrapped in a pink and white striped sheet, tied with twine, in a field beside the A1 near Grantham on July 19. Stephen Jones, a Home Office pathologist, said that from the partly decomposed state of her body it was likely to have been kept in a warm, sealed container, such as a car boot. It was also possible that it had been dumped only a few hours before it was found by farmworkers, as the grass underneath was not dis-



Julie Dart: body kept hidden for ten days

coloured. Before returning a verdict of unlawful killing, the inquest jury was told by Detective Superintendent Bob Taylor that 6,000 people had been interviewed.

A team of 22 West Yorkshire detectives is investigating the circumstances surrounding Miss Dart's abduction, from a street in the Chapeltown red light area on a summer night, and her murder. It continues to hunt a man whom the police are convinced is the killer and who has written seven letters to the police, the last on October 17, in which he has demanded a £140,000 ransom from the Leeds force.

A psychologist has told police that the writer is probably a psychopath but may appear ordinary to his family and friends. He has written of playing a "game" with the police and has boasted of his chances of success. He has also held telephone conversations with officers.

One letter contained indications which proved to be the words "Mavis will not be in Tuesday, Phil". As a result police have interviewed 255 Mavis but want more to come forward. A laundry tag on the sheet in which the body was wrapped was traced to a defunct laundry in Coventry and was issued 30 years ago. That line of enquiry has failed to go any further.

Last night detectives appealed for help to trace a red vehicle and an unusual brick, which could be anything up to a century old and which played a part in the ransom drop. The vehicle and brick are connected with a hoax bomb found on the side of the M1 near junction 37 at Donworth in South Yorkshire on August 15. The police also appealed for information which may provide clues about the type of brick used to leave the note.

## Doctor condemns pain test evidence

A DOCTOR yesterday condemned the evidence of a back pain "lie detector" used to test a woman who claimed that her sex life had been ruined by a riding accident.

Dr Rajan Thavasoorthy said that 70 per cent of the problems Annette Durrant had suffered since the accident were psychological. Tests carried out on the Isostation B200 have been used to support Mrs Durrant's claims for severe back pains sustained in April 1987.

The High Court, sitting in Birmingham, has been told that the machine has three hydraulic computer strain gauges which send information to a computer, monitoring speed and strength, and printing results onto a graph.

Mrs Durrant had told the court that she and her husband Simon stopped sleeping together because of her painful back injuries. The problems eventually led the couple to separate. Her counsel used tests carried out on the Isostation B200 as evidence in her claim for damages.

Mrs Durrant, aged 34, of Leamington, Warwickshire, says that she will never be able to work again because of

the injuries caused when she fell from her horse in a collision with a car. She is suing the car driver, Alexander McDonald, a 57-year-old engineer, of Coventry, who admits liability. Damages have to be assessed by the court.

Dr Hugo Kitchen, an orthopaedic surgeon, has told the court that tests on the machine showed Mrs Durrant to be severely disabled. Yesterday, however, Dr Thavasoorthy, a psychologist, said that tests he had carried out on Mrs Durrant caused him to believe that 70 per cent of her problems were psychological.

He said: "During the first few months after the accident she felt guilty about having to rely so much on her husband. There is definitely a psychological component to her pain, and these components were prominent."

He added: "I do not necessarily agree with the results of the Isostation B200 carried out by Dr Kitchen. He gave results after measuring the movement of the injuries. This does not take into account any psychological factors."

The case is expected to finish today.

## Halford faces new complaints

By PAUL WILKINSON

NEW disciplinary charges could be brought against Alison Halford, the suspended assistant chief constable of Merseyside police, after she allegedly made late night telephone calls to senior colleagues and members of her police authority.

The calls were said to have been made last week soon after the authority relieved her of her duties for a second time. Her original suspension, imposed more than a year ago, was overturned last month by the High Court on procedural grounds.

Miss Halford was facing charges of being drunk while on duty, officer-in-charge of the force, swimming in her underwear and sharing a whirlpool bath with a male officer.

Details of the calls emerged last night after a closed meeting of the police authority. They were allegedly made to Jim Sharples, the chief constable; George Bundred, the authority chairman; his deputy Harry Rimmer; and another assistant chief constable.

Rex Makin, Miss Halford's solicitor, said of the new enquiry: "Those who the gods wish to destroy, they first drive mad."

The authority apparently discussed the alleged calls for two hours after receiving complaints about their content. Afterwards, members refused to comment on their discussions. A statement is expected from the police authority today after consultations with the Police Complaints Authority.

Details of the alleged conversations are expected to be given to a deputy chief constable from another force who will hold a fresh enquiry into all the disciplinary matters.

Miss Halford was first suspended in December 1990 after a newspaper report about her alleged conduct at a local businessman's home. It happened soon after she began a sex discrimination action claiming she was repeatedly passed over for promotion to the rank of deputy chief constable. Her industrial tribunal hearing is to resume later.

## Universities look abroad for staff

By JOHN O'LEARY  
HIGHER EDUCATION CORRESPONDENT

UNIVERSITIES and polytechnics are recruiting staff from the Continent to teach German because demand from undergraduates is rising while the number of postgraduate students, who also teach undergraduates, is falling.

Fewer than half of the 32 universities offering postgraduate courses have managed to recruit students this year, and only 34 people have begun research for doctorates. The decline has left barely 100 postgraduates studying German, causing a shortage of candidates for lectureships at a time when undergraduate courses are booming.

A reduction in the number of grants for postgraduate students has coincided with new openings for linguists in preparation for the European single market. Those who have been accepted for doctorates are concentrated in universities where the emphasis is on literature, while most undergraduates want to specialise in linguistic and cultural aspects of the subject. Recruitment to undergraduate courses combining German with business studies or other languages has trebled, but demand for single honours degrees has stagnated.

Professor Martin Durrell, of Manchester University, who last week hosted an international conference on the changes in the study of German, said: "Most universities would like to appoint some-

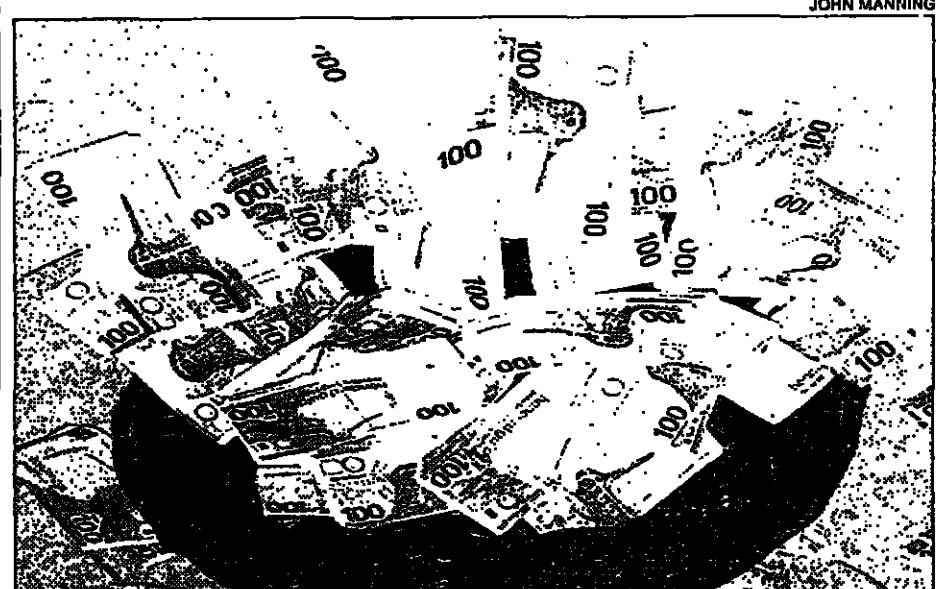
one in linguistics if they had the chance, but there is not the range of expertise coming through to fill those posts. I know of only three or four people who might be available in that field."

Universities fear that they will be unable to replace the many Germanists due to retire before the end of the century. Professor Eva Kolinsky, of Keele University, who has carried out a survey of German in higher education, said that 80 per cent of applicants for a recent lectureship were from elsewhere in Europe.

Professor Durrell said: "With the demand for places rising fast, there is the possibility of repeating the mistakes made in the 1960s, when a lot of people appointed in universities were not up to the job. After 20 lean years, there could well be a boom again, when we will not have the quality people to cope."

The British Academy, which administers postgraduate studentships in the arts and humanities, is hoping to stimulate demand for doctorates and improve completion rates by changing the structure of advanced study. Students would take a one-year taught course before enrolling for a doctorate, rather than committing themselves immediately to three years of research.

The new system, to be proposed in a report later this month, is intended to weed out unsuitable candidates.



Untidy sum: 60 million forged Dutch guilders, equivalent to about £20 million, found by police at a London house on Wednesday. Andrew Bourke, a barman aged 44, of Willesden, northwest London, will appear at Brent magistrates' court today charged with possessing counterfeit currency

## Rugby lovers told to cool passions

By TIM JONES

RUGBY fans descending on Dublin for tomorrow's Ireland versus Wales international have been warned to control their passions for fear that amorous encounters could lead to Aids or unwanted pregnancies.

They have been advised that it is polite to at least know the name of their partners before indulging in intimate celebration.

The warning follows findings by doctors in the capital that the number of women seeking post-coital contraception after a big rugby occasion is higher than an any time, except Christmas. Dr Derek Freedman, of

the Irish Society of Sexually Transmitted Diseases, said that, over the past 20 years, there had been a regular increase in the number of patients after rugby international weekends in Dublin. "It seems a time when people get carried away with the fervour, and, of course, the alcohol lessens the inhibitions."

Alcohol, he said, was an important factor in liaisons that often led to terrible recrimination when dawn rose and hangovers began. "People come to me and they do not even know the name of the person they had sex with. I think the minimum courtesy you can give to a person when you are

having sex with them is to let them know their name and at least know theirs."

He said that rugby seemed to be a sport that was "unique" in bringing out the fervour in people.

A spokesman for Aidswise said the level of heterosexuals engaging in sexual intercourse on rugby international weekends in Dublin always rose significantly. He urged enthusiasts: "Practise safe sex if you are out of town."

Jon O'Brien, of the Irish Family Planning Association, said that people would have a greater chance of having safe sex if contraceptives were available from dispensing machines in

public houses and other places of entertainment. At present, they can be bought only from chemists or family planning clinics.

Contraception has been one of the most divisive issues in the republic since the state was formed. Not even the shock of a Welsh victory will change that.

Dr Tony Brown, president of the Irish Rugby Football Union, said he was not in a position to comment on the moral behaviour of rugby fans but added: "We all know Aids is a horrific disease and any sensible medical advice must and should be listened to."

Sport, page 32

## Guildford Four police 'branded liars'

By RICHARD FORD  
HOME CORRESPONDENT

THREE policemen involved in the Guildford Four case were branded liars by the Court of Appeal and subjected to an avalanche of adverse publicity after the four's convictions were quashed, the High Court was told yesterday.

The officers had yet to learn that they were suspected of breaking the law when Lord Lane, the Lord Chief Justice, asserted at the appeal that they must have lied about their part in the investigation.

The three men are contesting a move by the Director of Public Prosecutions to resurrect charges alleging they conspired to pervert the course of justice by manufacturing and putting forward notes said to be contemporaneously made in interviews with Patrick Armstrong, one of the four. The DPP is urging three judges to overturn a decision last year by Ronald Burt, the Bow Street stipendiary magistrate, that the proceedings against the police officers were an abuse of the process of the court.

Edmund Lawson, QC, said that it was extraordinary that the three policemen had been condemned as liars before they had been told they were suspected of criminality. He emphasised that he was not criticising the Appeal Court or the Lord Chief Justice. The court had been left with no other option because of the way in which the case had been presented on behalf of the DPP, who had offered no opposition to the four's appeal against convictions for the Guildford pub bombings in 1974.

Mr Lawson said that the allegation faced by the three before the magistrate was not that "they had put words into the mouth of Armstrong, but really that they had lied as to the manner or method of recording the confessions actually made".

After the appeal court hearing Thomas Style, John Donaldson and Vernon Atwell had been publicly branded liars and there had been publicity calling for the "coppers" to be put in the dock. They were being condemned as guilty of one of the most wicked crimes imaginable that had resulted in innocent men being locked up in prison for years.

Sir Patrick Mayhew, the Attorney-general, said that the issue in the case, if it went to trial, would be whether the officers had represented their handwritten notes to be contemporaneous when to their knowledge they were not. "That is what the Crown will have to prove to the criminal standard," Sir Patrick said. The judges reserved their decision.



'Jail rampage was started by signal'

## Rioters had hidden weapons, guard says

BY RONALD FAUX

PRISONERS in Strangeways produced weapons and masks before attacking prison officers and going on the rampage, the senior prison officer in charge at the court service at which the riot broke out told Manchester crown court yesterday.

James Bancroft said that he saw two prisoners jump under a seat in the chapel. One took weapons from the side of his trousers, and said: "Let's do it."

Other prisoners had masks made from the sleeves of sweatshirts that they pulled over their heads. "They charged up the chapel towards us, up the aisles and over the seats," Mr Bancroft said. One man was waving two pieces of wood.

Mr Bancroft told an officer to give an urgent message to open the gates at the rear of the chapel. He said he was then confronted by Paul Taylor, one of the accused, who looked agitated and had his fist clenched. "I stepped for-

ward and pushed him away and said 'enough, Taylor' and he went. There was a lot of noise and quite a number of inmates I did not recognise. Staff were being pushed and jostled and one prisoner was smashing a bookcase."

Mr Bancroft, who was speaking on the second day of a trial in which eight men deny rioting and five of them deny murder, said he was then struck by an object. A fire extinguisher was thrown past his left shoulder and the contents of a fire bucket thrown in his face.

Cross-examined by Michael Mansfield, QC, for Taylor, Mr Bancroft agreed that for a considerable time Strangeways had held far more prisoners than it was certified to hold.

Mr Mansfield suggested that this alone had contributed to what were "intolerable conditions" for prisoners and those who worked at the prison. Mr Bancroft agreed that there were difficulties but said

that the governor had set about improving matters, introducing more work shops, extra lavatories and allowing more association between prisoners.

Mr Mansfield suggested that there was a long way to go. He quoted the conclusion of the Woolf enquiry into the disturbances that although there had been substantial improvements over the past two years, as far as most inmates were concerned conditions could be justifiably regarded as "unacceptable and inhumane".

"As the inmates told the enquiry, if they were treated like animals they would behave like animals," Mr Mansfield said.

Mr Bancroft said he agreed with parts of the Woolf report but he did not agree that prisoners were treated like animals. "I personally have never treated anyone like an animal and a great deal of prison officers don't either."

The trial continues today.

## Royal car reaches end of the road

BY KEVIN EASON  
MOTORING  
CORRESPONDENT

IT WAS a car built in Britain for the royal and the rich. But Rolls-Royce craftsmen have fashioned their last Phantom VI limousine and it goes on show in London today to mark the end of decades of top-class coach-building.

The Phantom VI is a distinguished victim of the recession. The end of production will make it one of the most valuable vehicles in the world. Rolls-Royce is showing the last model to be made at its Mulliner Park Ward subsidiary at Acton, west London, where cars were hand-crafted from the most expensive materials by 500 craftsmen.

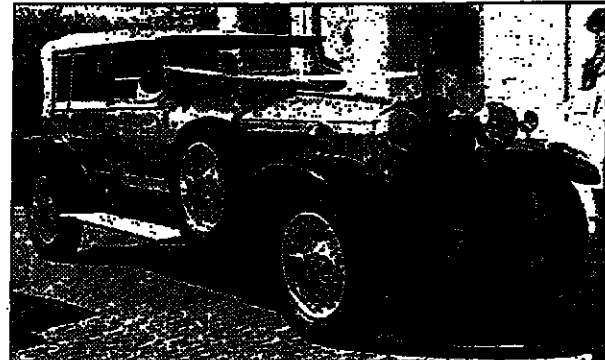
Rolls-Royce has closed the Mulliner works after 52 years. Only 100 workers have been retained at Acton to build bodies for the £150,000 Corniche convertibles. Limousines with the Mulliner badge, but not Phantoms, will be built at



Recession victim: the last Phantom VI, above, and, below, a 1927 model

Rolls-Royce's factory at Crewe, Cheshire.

The Phantom limousines are more than 19 feet long — almost twice the length of an ordinary saloon. The Queen owns six, with a nominal value of £300,000 each, though at auction their price would be much higher. Rolls-Royce is keeping the last Phantom for posterity and a reminder of the remarkable work done at the Acton factory.



## Two die in fall on Ben Nevis

THE bodies of two climbers were found on Ben Nevis yesterday. The men, a university lecturer and a student, had fallen almost 1,000 feet.

The Lochaber mountain rescue team found the bodies roped together at the bottom of Observatory gully, a climb that leads to the mountain's 4,406ft summit. One man had apparently slipped, dragging his colleague with him.

Police said that the climbers, whose names have not been released, had set out on a two-day expedition on Monday. The alarm was raised when they failed to return on Wednesday.

## Sale delayed

The expected sale next month of Heveningham Hall, Suffolk, has been delayed until late summer because the United Bank of Kuwait, whose calling in of a £13 million loan put the mansion into receivership, wants repairs completed first.

## Murder charge

Kerri-Lisa McCannmont, aged 17, of Crawley, West Sussex, was remanded in custody by Crawley magistrates accused of murdering Joanne Thomas, aged 18, who was stabbed to death on Wednesday.

## Flood risk

The National Rivers Authority is to build a £15,000 flood defence barrier after badgers burrowed through an embankment on the Dee, threatening to flood Bangor racecourse at high tides.

## Drug suspect

Peter Edward Heather, aged 26, of Staffordshire, was being held in Bangkok for further investigation after being arrested on suspicion of heroin trafficking.

## Stately homes

Leicester city council is seeking to have a row of 1920s council houses listed as buildings of great historic interest, as a record of its achievements in public housing.

## Singer attacked



The singer Rosemary Squires, above, fought off a thief who knocked her to the ground and tried to snatch her bag in a street in Valencia, where she was on holiday.

## Sewage success

Tours of the new Sandon Dock sewage works in Liverpool have attracted so many people that North West Water is to create a £200,000 visitor centre there.

## Highlands fears farm job losses

BY KERRY GILL

A THOUSAND farming jobs could be lost in the Highlands in the next five years because of European Community agriculture policy changes, according to a report by Highlands and Islands Enterprise.

Farmers and crofters could be forced to work part-time and, in some cases, might be pushed out of business because of falling market prices. Revisions of the common agricultural policy could lead to many small and medium sized abattoirs closing and milk marketing boards being disbanded, the report says.

"The enterprise organisation, which attracts employment and increases trading, said that the problem was beyond its resources and that more money was needed from the government and the EC to counter the effects."

A drop in production, the removal of trade barriers and increasing awareness of animal welfare, environmental issues and food "scars" would make markets more discerning and competitive. The report emphasised that agriculture was the most important industry in the region but was heavily dependent on subsidies.

"The farmers in the highlands and islands will find themselves in a radically different economic environment," the report says. There are 15,500 agriculture workers in the region — 13 per cent of the workforce — mainly in small family businesses.

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## Vegetables thrive on salty diet

BY ROBIN YOUNG

MANY vegetables crop more heavily if fed with common salt, the Horticultural Development Council has found.

The council's research, reported in the Consumers Association magazine *Gardening from Which?*, showed that the yield of beetroot could be improved by 40 per cent if the soil were salted. Spinach yield was improved by almost a quarter, and carrots cropped up to 15 per cent more heavily. Celery, turnips, swedes, cabbage, celeriac, kale, kohlrabi and radish were all likely to benefit from salt applications provided the soil contained ample potash. Their flavour was not affected.

The research will be a welcome boost for the salt industry, which has been caused some concern lately by medical researchers' warnings that excess salt in the British diet costs the country 75,000 deaths a year from heart disease and strokes. Salting the vegetable plot will be an additional use for salt, no longer welcomed in the kitchen.

Other applications for salt include disinfecting cuts, relieving stings, cleaning burnt pans, mopping up wine stains and acting as anti-freeze. Adas, the government's agricultural advisory service, recommends that applications of

salt should be worked into the soil at a rate of one ounce per square yard at least a month before sowing or planting out.

Not all vegetables prosper on a salty diet though. It is said to be unwise to use salt on potatoes, peas, lettuce or sweet corn. Gardeners are often the target of misleading information in advertisements and catalogues, another *Gardening from Which?* report says (Allison Roberts writes). In some cases, it says, photographs of plants and tools give a false impression of the product.

According to the magazine, a Van Meeuwen catalogue illustrated its advertisement for the lilac-coloured Blue Moon rose with a photograph of a vivid blue flower. The brilliant red leaves of a birch tree in a Baker catalogue turned out to be a dull purple on the real tree.

Names and descriptions of plants can be equally misleading. Plants in a Kays gardening catalogue were wrongly described as rare and offered for sale at a price which the magazine believes was inflated for that reason.

*Gardening from Which?* advises gardeners with complaints to contact the Advertising Standards Authority or trading standards departments.



## Loophole in bill provokes protests

## Arts cuts feared if lottery takes off

BY SIMON TAIT, ARTS CORRESPONDENT

A NATIONAL lottery bill would give the Treasury a loophole to reduce government funding for the arts, the National Campaign for the Arts said yesterday.

Simon Mundy, director of the campaign, said: "The bill has to specify that the proceeds are for capital projects, not for basic revenue which must remain the government's responsibility. It makes no such distinction, and as it stands it leaves the way open for the Treasury to renege on central government's contribution with the excuse that the money can come from the lottery."

He said that local authorities were big funders of the arts but many were beset by poll tax capping and were being tempted to cut funding. The lottery could make them feel freer to do so.

The private member's bill, which has its second Commons reading today, has been introduced by Ivan Lawrence, Conservative MP for Burton, and is sponsored by MPs from both sides of the House. The lottery is expected

to raise as much as £3 billion a year, which would be divided equally between prizes, administration and grants to the arts, sport and the heritage environment.

The bill does not specify how the grants should be apportioned, but it commits up to 10 per cent of the £1 billion in grants to small charities not falling into the other categories. Mr Lawrence has said that the measure is an enabling bill to allow ministers to act at the appropriate time without further legislation.

The Lottery Promotion Company, which has helped Mr Lawrence to prepare the bill, maintains that lottery proceeds should be used only for capital projects and endowments. Mr Mundy said: "Unless it is in the bill, the Treasury couldn't care less what the Lottery Promotion Company says. An enabling bill is not good enough."

The Arts Council, the British Film Institute, the Museums and Galleries Commission, the Crafts Council and the Scottish Film Council and

the Welsh and Scottish arts councils have written jointly to all MPs asking them to support the bill. The letter, signed by Lord Palumbo, chairman of the Arts Council, on behalf of the others, says: "Each of our organisations has shown that operational funding has supported vigorous growth over the years to the benefit and enjoyment of increasing numbers of the population. But such funding cannot begin to address capital needs."

A meeting of the seven groups identified a need for more than £1 billion to repair and refurbish buildings and start increasing facilities. "Even the most cautious estimates show that a national lottery could provide sums in excess of £600 million annually. Such an injection of funds would be of crucial value to the cultural fabric of our country."

Leading article, page 13  
Letters, page 13  
Sport, page 31



Home again: Terry Waite, the former hostage, and his wife, Frances, at Heathrow yesterday after a three-week holiday in the Bahamas

## Policeman puts promotion rebuff down to colour

BY PETER DAVENPORT

AN ASIAN police sergeant with six commendations and a certificate of merit for outstanding work said yesterday that he was repeatedly overlooked for promotion because of his colour.

Sergeant Raham Khan, aged 36, born in Pakistan and an officer for 16 years, was ignored in favour of less experienced and less qualified candidates, an industrial tribunal in Leeds was told.

"It is not part of the case that he has ever been subjected to racial abuse or made aware of his racial origins by colleagues or superiors directly," Rodney Fenn, for Sgt Khan, said. "But the only inference he seems able to draw is that his racial origin has been taken into account when he has applied for promotion and so he has been discriminated against."

The officer, of Allerton, Bradford, had been a sergeant with the West Yorkshire police for two years and had passed his inspector's examination when he applied for the rank in 1988. The ap-

plication failed and he tried again in 1989, 1990 and last year, each time without success. Mr Fenn said: "It has been known for candidates to never achieve the rank of inspector, but Sgt Khan was a candidate of ability."

Although he had consistently gained high marks in his assessment tests, his applications always failed at the interview stage. Out of 312 inspectors in the force, only one was Asian, Mr Fenn said.

Sgt Khan, who is based at Pudsey, was a detective with the West Yorkshire police for three years before returning to uniform. The tribunal was told that a colleague had written in a testimonial supporting one of his promotion applications: "Sgt Khan leads and motivates by example and junior officers go to him for advice in abundance. He is one of the most determined supervisors and would be equally effective at the next rank."

West Yorkshire police denies racial discrimination. The hearing continues today.

## Appeals by £40m raiders rejected

BY STEWART TENDLER  
CRIME CORRESPONDENT

THREE men jailed for a £40 million raid at a safe deposit centre in Knightsbridge, west London, in 1987 lost appeals yesterday against their convictions. Lord Lane, the Lord Chief Justice, and two other judges ruled that the convictions were neither unsafe nor unsatisfactory.

In the case of David Poole, who was jailed for 16 years, Lord Lane said that the judges were unsure whether to believe him or the police over the reliability of his confession. Poole had denied making the confession, which he said had been fabricated by police interviewers.

Lord Lane said: "We simply do not know whether the confession was made or invented." The judges ruled, however, that the circumstantial and accomplice evidence linking Poole to the raid was overwhelming, and that the jury's verdicts in his case were correct.

The Crown Prosecution Service will study a transcript of the appeal court judgment.

## Ireland worries about the losers

THE Irish Republic's national lottery has been an outstanding success, although there is unease over how money is allocated and over its use for programmes previously paid for out of taxes. There is also concern that the lottery is starving voluntary organisations of up to £15 million a year and that it appeals too much to those who can least afford it. Critics say it amounts to regressive taxation on the poor.

The lottery was launched in 1987. Since then the government has distributed more than £250 million raised by it to sport, youth and recreation projects (45.4 per cent), health and welfare (18 per cent), arts and culture (28 per cent) and promotion of the Irish language (8.5 per cent). The main Lotto game is played by an estimated 62 per cent of the adult population, who spend an average of £2.50 to £3 a week. In 1990 it raised £54 million.

Players buy £1 Lotto tickets from 3,000 outlets at shops, supermarkets and pubs. Each ticket has two panels bearing numbers 1 to 36, from which any six are chosen. A draw is made every Wednesday and Saturday for prizes ranging from £350,000 to £3.3 million. The chance of winning the main jackpot is about one in a million.

An Post, the national postal service which won the contract to administer the lottery, also runs a scratch card game and a television game show which helps to promote the lottery.

There has been an extremely high take-up among the republic's small population, generating huge sums for winners — the biggest to a

Critics of the Irish lottery fear that its success may mask the system's casualties, writes Edward Gorman

woman in Co Galway who won £1.9 million — and beneficiaries. However, there have been allegations that the government has used the distribution of Lotto funds as a form of patronage, particularly in the fields of amenities, sport and recreation.

At first the minister of environment decided allocations, causing protests from the opposition, who suspected the government of favouring its own constituencies. They claimed it was also informing its local MPs of funding decisions before they were publicly announced, allowing the politicians to reap the maximum political benefit.

Decisions on allocations are now delegated to local authorities. Some opposition politicians believe that an independent national committee to which applications could be made would be the best solution.

Critics also say that Lotto was set up to pay for new ventures, not to subsidise existing facilities or schemes. A recent independent assessment estimated that about half of Lotto funds were being used as replacements for Exchequer funding.

The voluntary sector believes that the lottery is starving it of £15 million a year. Fine Gael, the main opposition party, believes that legislation should ensure that a proportion of funds go to voluntary agencies.

## £8m goes down the drain

BY BILL FROST

AN ESTIMATED £8.4 million in coppers slipped through British fingers and down the drain last year. The £23,000 in coppers alone which went missing every day did not include the millions of £1 coins 50p pieces we managed to lose, the Royal Mint said yesterday.

Although sewer water regularly rippled with the splash of falling money, not all the coins ended up below. Some disappeared down the side of sofas and armchairs and could, in households where spring-cleaning was given a low priority, remain there forever. Beach and woodland picnics might have been costly affairs for the careless too.

Last year 977 million £1 coins and 670 million 50p pieces were in circulation. Two billion coins were produced, but, according to the Royal Mint, 2.1 billion coins dropped out of circulation. Most were withdrawn but £8.4 million vanished.

The Mint said: "Eventually even the coins saved in piggy banks and whisky bottles should be put back in circulation when times are hard. So, where the rest goes remains a mystery."

## Law 'puts safe dogs at risk'

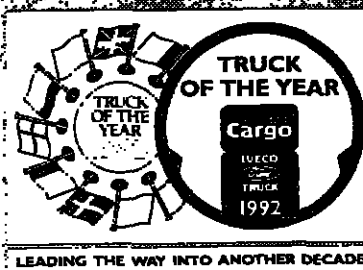
BY MICHAEL HORNSEY  
AGRICULTURE CORRESPONDENT

DOGS that are not a serious threat to the public are at risk of being sentenced to death because the law is too inflexible, the British Veterinary Association said yesterday, calling on Kenneth Baker, the home secretary, to allow magistrates to decide whether a dog should be put down.

The association urged Mr Baker to "inject a bit of common sense" into the Dangerous Dogs Act, introduced last year in response to public anger over dog attacks. John Bower, a past president of the association, said that the group was fully behind the principles of the law but had understood that the most severe penalties would be reserved for dogs that posed a real threat to public safety.

In a letter to Mr Baker, the association said that any dog that appeared to threaten people, for example by running up to them and jumping up playfully, could be construed as "dangerously out of control", an offence for which death was the only penalty provided. Magistrates should be able to impose lesser penalties, such as muzzling of the dog or a fine.

## TRUCK OF THE YEAR 1992



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# Yeltsin salvages his reform programme with tactical victory

FROM MARY DEJEVSKY IN MOSCOW

BORIS Yeltsin, the Russian president, yesterday salvaged his programme of radical economic reform and achieved an elegant tactical victory for his government over its critics.

Mr Yeltsin's victory followed a solemn 25-minute address to the Russian parliament, in which he defended the two-week-old liberalisation of prices as the only way forward and accused a combination of former communist apparatchiks and black marketeers of trying to sabotage changes that were long overdue. Yesterday's parliamentary session, the

first full session since the new year recess, had been expected to hear fierce criticism of the Russian government from deputies horrified by the effects of price liberalisation in their constituencies. Instead of calls for an immediate halt to the reforms and lurid descriptions of starving pensioners and imminent strikes, however, the proceedings offered a spectacle of dignified calm.

There was no repetition of the rabid criticism of the government voiced earlier in the week, and few ventured to dissent in public from conclusions of Mr Yeltsin and his

deputy prime minister and reform supremo, Yegor Gaidar. Mr Yeltsin, recounting his observations from his recent five-region tour, said that the move to the market was taking place in difficult conditions, "economic crisis, collapse of the union... the resistance of mafia-like structures striving to retain dominance in distribution, open sabotage and ideological opposition". For the most part, however, he said that people were "gritting their teeth manfully".

Mr Gaidar offered the results of day-by-day monitoring throughout the country, according to which the mood in the provinces was generally peaceful. "The most serious threat," he insisted several times over, "is the threat of panic".

As parliament met, about 2,000 demonstrators organised by the former official trade union movement massed around the Russian government building in central Moscow. Their posters reminded the president and Mr Gaidar that "in a market economy social peace is also a saleable commodity". Further demonstrations are planned for many other cities today, but earlier attempts to call protests against the price reform have drawn little support.

Illustrating the penalty to which Russia has been reduced, however, the influential *Nevskiyaya Gazeta* published a front-page headline, saying: "We live as we did 45 years ago, perhaps even worse." The article, which was accompanied by a large table showing the deteriorating ratio between wages and food costs, argued that living standards had declined more than four times over since the price rises of last April and said that Russians were reduced to the welfare level of 1946, "when almost everyone was permanently hungry".

The mood of calm prevailing in parliament was explained by deputies yesterday as the result of more than a week of painstaking preparation by Mr Yeltsin's team.

Civil war call, page 1  
Book aid, page 7

Gaidar: "most serious threat is of panic"



Points of beauty: Bernd Lochner, director of the "Fairy Caves" in Saalfeld, Thuringia, eastern Germany, inspecting stalactites in the "Grail's Castle", part of the caves which have been cleaned and prepared for the coming tourist season

## Polish reforms trigger strikes

The government is torn between the demands of the people who voted it into power and IMF strictures.  
Roger Boyes writes from Warsaw

IN SCENES reminiscent of the 1980s, when Solidarity supporters would strike against communist price rises, Polish workers staged nationwide strikes yesterday aimed in the first place against higher electricity and energy prices, but more fundamentally at "shock therapy" market reform.

Factories ground to a halt, bus drivers parked their vehicles and angry crowds chanted outside parliament. But this time Solidarity supporters are in power and the government, led by Jan Olszewski, the human rights lawyer, is looking shaky.

Yesterday's protests were dubbed "warning strikes" and lasted only an hour. But the organisers, ex-communist unions and a small group known as Solidarity 80, said that unless there were policy reversals there would be a general strike. The Solidarity union held similar warning strikes on Monday against the way market reform is being implemented.

Every region of Poland has slightly different complaints with the government. There are also strikes in the arms industry which is threatened with collapse since there are few export orders and the army has no money to pay for purchases. Last year, the Polish army bought ten new tanks. Railway workers, builders and teachers are operating go slows. Pensioners, many of whom have had their pensions revised

downwards or even halved this month, have appealed to the Catholic primate, Cardinal Jozef Glemp, to use his influence with Mr Olszewski's Catholic-nationalist government.

The impact of the strikes has been increased by the apparent endorsement of President Walesa.

But it is plain that all the participants in the political game are talking on different planes. President Walesa blames the unrest on the slow pace of privatisation. But the last thing that the strikers want is faster privatisation — they demand basic employment and wage guarantees. The prime minister has some sympathy with the workers' cause and is aware that it was disillusion with shock therapy market reform which brought down the previous government and put him in power. But though he talks of extensive welfare projects and retraining for the more than 2.1 million unemployed, he is also committed to keeping down the budget deficit.

This deficit over the first quarter of this year is expected to reach \$1.6 billion (£941 million) even after the cut in energy subsidies. Last year, the International Monetary Fund suspended disbursement of its \$1.7 billion loan facility.

The government is thus torn between the angry demands of its former supporters — the same people who voted it into power — and IMF strictures.

## Kohl plays down role of Bonn

FROM IAN MURRAY IN BONN

EMBARRASSED that Germany is being credited with forcing the EC to recognise the independence of Croatia and Slovenia, Helmut Kohl, the chancellor, is now doing his best to play down his country's role. Last month, when EC foreign ministers unanimously agreed to offer recognition, he was criticised internationally for hailing the decision as "a great success for German foreign policy". Now he prefers a lower profile.

"Exercising pressure is not the style of the government," he said in a television interview after the EC recognised the two republics. There had never been any question, he said, of Germany going it alone.

At the same time, with voters keen for Germany to assume a more influential role inside the European Community, Dieter Vogel, the government spokesman, welcomed the fact that the EC followed the German lead. Hans-Dietrich Genscher, the foreign minister, claimed recognition was "a very well prepared, well worked out and thought through German policy," and hoped the Community would continue to follow "the common sense German approach".

The desire for a larger say in Community politics is new. Until unification in October, 1990, Germans were largely content to adopt a low profile, in the belief that economic strength made political power unnecessary.

## Recognition of rebel states leaves Belgrade in limbo

FROM TIM JUDAH IN BELGRADE AND ANNE MCELVOY IN ZAGREB

AS MORE states recognised Slovenia and Croatia yesterday, Serbia and the remains of Yugoslavia entered an international political limbo.

Slobodan Milosevic, the Serbian president, flew to Greece to drum up foreign support for the preservation, in one state, of what is left of Yugoslavia. In Belgrade a senior Serbian leader insisted that an independent Croatia had to concede the loss of the one-third of its territories now under Serbian control. "Croatia can be recognised only

inside the borders where it has power," said Borisav Jovic, Serbia's representative on the old federal presidency. He said the deployment of a full United Nations peacekeeping force in these territories would help secure them for any new Yugoslavia that may emerge over the next few months. "The concept of the United Nations de facto limits Croatian sovereignty in these areas regardless of the recognition of Croatia."

An advance party of 50 United Nations peacekeepers

will begin work today in Croatia's war zone and intends to enter the Serbian enclave of Krajina at the weekend. Colonel John Wilson, the senior liaison officer for the UN, said last night that his troops would enter the area whose leader, Milan Pabic, has rejected the presence of a peacekeeping force as a betrayal by Belgrade of the Serbian cause. Colonel Wilson said that he had received assurances from the federal army that his men would be in no danger in the region where militia leaders have threatened to fire on anyone who tries to intervene.

Radovan Bozovic, Serbia's prime minister, mocked Croatia's independence as "paper recognition" and said that if it wanted to make it real, "it must recognise the rights of Serbs to their own self-determination, or violence will result". As Croatian and Slovene politicians exulted in their republics' new-found status, their Serbian counterparts were at a loss to explain what they intended to do. Mr Milosevic has said nothing while others have played safe by condemning the European Community-led move. Mr Bozovic spoke of building a new Yugoslavia as the result of "peaceful and democratic" negotiations, but as Macedonians, Bosnian Muslims, Bosnian Croats and Albanians from Serbia's southern province of Kosovo have indicated their opposition to remaining in a rump state, it was unclear how this would be achieved.

Diary, page 12

## Sofia lights fresh fuse in Balkans

FROM ROGER BOYES, EAST EUROPE CORRESPONDENT

ANOTHER fuse was lit in the Balkans yesterday when Bulgarian government in Sofia recognised the Macedonian republic as well as the other breakaway Yugoslav states of Bosnia-Herzegovina, Croatia and Slovenia.

But Bulgaria significantly qualified its blanket recognition of the four states, saying that it would establish diplomatic ties only when conditions set by the European Community were met. On Wednesday, Bulgaria had announced unconditional recognition, becoming the first and so far only country to acknowledge all four aspirants to independence.

Sofia's moves to recognise Macedonia angered Serbia and Greece, its southern

neighbour, in particular. Athens rejects recognition until it changes its name and abandons what Athens says are territorial claims.

The Yugoslav conflict could be contained as long as it was essentially a war between Serbs and Croats. But if it were to spread southwards to Kosovo, Bosnia or Macedonia, it could suck in the Balkan neighbours.

That is the danger posed by Bulgaria's swift move to recognise Macedonia. Greece, Bulgaria, Serbia and Albania are all intimately involved in the republic's future.

Athens has been trying to dissuade Sofia from recognising the Skopje government. It argues that Macedonia exists only as a geographical term.

## Butch and Sundance 'found'

OKLAHOMA City: Clyde Snow, a scientist who helped to identify the body of Josef Mengele, the Nazi, now claims he may have found the remains of Butch Cassidy and the Sundance Kid in Bolivia, where the two are said to have died in a shootout in November 1908.

Mr Snow, a forensic anthropologist, says that he is "guardedly optimistic" that the bones uncovered in a cemetery in the Andean village of San Vicente last month are those of the American outlaws. (AP)

## Soldiers shot

MADRID: Two soldiers were shot dead by suspected Basque separatists in Barcelona. The killings brought the number of people assassinated by terrorists in the city, which is soon to host the Olympic Games, to three in the past eight days.

## Spy pilot found

SEOUL: The body of the pilot of a US air force U2 spy plane that disappeared on Wednesday off the coast of South Korea has been found in waters off the eastern coastal town of Kosong. The South Korean Yonhap news agency said. (Reuters)

## Death penalty

HAVANA: Cuba's supreme court has upheld death sentences on two of three armed Cuban exiles from America captured on December 29 and convicted of planning terrorist attacks. The third man's sentence was commuted to 30 years in jail. (Reuters)

## Crash blame

ZURICH: Faulty navigation equipment and "inappropriate" conduct by the pilots caused the crash in 1990 of an Italian airliner near Zurich in which all 46 people on board died, the federal transport department said in preliminary findings. (Reuters)

## Ghosts depart

TAIPEI: Taiwan's Nationalist government, which still claims to be the rightful ruler of China, has disbanded a "ghost government" whose job was to reconstruct north-western China after the Taiwanese retook the mainland. (Reuters)

## Equal wrongs

ROME: A police raid on the Naples mafia, or Camorra, has revealed that several of its leaders are women standing in for jailed husbands or lovers. Police said it was the first time so many women had been found to be in senior gang roles. (Reuters)

## Battle widens

Nairobi: Inter-clan fighting that has devastated the Somali capital, Mogadishu, has spread to the north of the country. Aid workers in the area said yesterday that about 80,000 people have fled battles in Burao that have left at least 500 dead.

## Cover story

Brussels: Greenpeace activists covered up anti-car slogans they had emblazoned on car advertisements across Belgium after a court ordered them to do so within 60 hours or face a fine of £4,300 per sign. Car manufacturers had taken legal action. (Reuters)

## Scandal of sex slaves blights visit

BY DAVID WATTS  
DIPLOMATIC CORRESPONDENT

KIICHI Miyazawa, Japan's prime minister, offered a new apology to South Korea yesterday amid growing protests and the announcement of a government enquiry concerning the second world war exploitation of primary school girls by the imperial army.

The eruption of emotion over the use of "comfort girls" by the Japanese threatens to overshadow Mr Miyazawa's visit to South Korea which began yesterday. The main issues on his first overseas trip as prime minister include that of South Korea's ballooning trade deficit with Japan — now running at almost \$9 billion (£5.2 billion) a year, or 3 per cent of GNP.

The visit, which is intended to help set the stage for a new post-Soviet Union role for Japan in the Pacific, is also being undermined by the weakening of Mr Miyazawa's political power base at home because of a scandal. The Japanese press yesterday claimed a fourth politician in the ruling Liberal Democratic party received funds from a property developer. An aide admitted accepting money on behalf of an MP.

At a banquet given by President Roh Tae Woo, Mr Miyazawa apologised for the "suffering and sorrow" that imperial rule had caused.

## US marks end of its war in Salvador

FROM CHARLES BRENNER IN NEW YORK

IN A ceremony heavy with symbolism and attended by dignitaries from all over the Americas, guerrillas and government leaders of El Salvador met yesterday in Mexico City to put a formal end to their 12-year civil war.

James Baker, the American secretary of state and Boutros Boutros Ghali, United Nations secretary-general, were among leaders who welcomed the signature of the El

Salvador peace accords as the start of a promising new chapter in a region that has seen about 200,000 people killed in civil conflict over the past 15 years.

For America, the 90-page treaty, hammered out in New York over the past three weeks and signed in the colonial Chapultepec castle, overlooking central Mexico City, puts an end to one of the most painful, and for many Ameri-

cans disgraceful, chapters in its recent foreign policy.

After President Reagan decreed El Salvador to be a battleground against communist aggression, Washington spent \$4 billion (£2.3 billion) bolstering its government and armed forces that were notorious for mass murder and other human rights abuses. Mr Baker was due to fly on his first trip to San Salvador and to Nicaragua.

the scene of that other American-financed civil war of the Eighties. "It is an occasion for celebration and also an occasion for securing peace," Mr Baker said.

Although bitterness and hatred remain fierce in densely populated El Salvador, the peace accord is supported by all sides as the only possible solution to a stalemated war that has claimed 75,000 lives since 1980. Its main feature is a redistribution of power. Under its terms, 1,000 UN police officers and troops will monitor a ceasefire, starting on February 1, between the armed forces and the guerrillas of the Farabundo Marti National Liberation Front (FMLN), a battle-hardened rebel army with about 8,000 men and women under arms.

The rebels have agreed to dismantle their military forces in five stages up to October 31 while the government is to legalise the front as a political movement. The armed forces will be cut by half over two years and face radical revision of their role.

Reviewing the accords yesterday, Robert White, who served as President Carter's ambassador to El Salvador, recalled that Alexander Haig, who was then secretary of state, had told President Reagan in 1981, "Mr President, this is one you can win." Mr White said, "It took ten years, 75,000 murdered people and a million Salvadoran emigrants to prise American policy loose from this delusion."

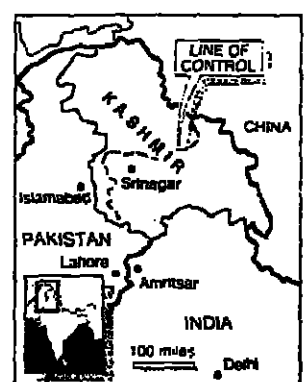
## Hurd voices Kashmir concern

FROM CHRISTOPHER THOMAS IN DELHI

DOUGLAS Hurd, the foreign secretary, told Indian ministers yesterday that Britain had clear evidence of Pakistani involvement in the violence in Kashmir and that the Islamabad government had been told that it should stop interfering.

But at the same time Mr Hurd, visiting India for two days of talks, made it clear that there was deep concern about human rights abuses by security forces in the Kashmir valley. He told ministers that Amnesty International should be allowed to visit the valley and produce a full report.

Mr Hurd's visit is aimed at forging a stronger relationship with India at a time when Delhi is seeking new international ties after the collapse of the Soviet Union, for several decades its closest



ally. The foreign secretary is believed to have praised India's announcement of parliamentary and state assembly elections in Punjab on February 19, aimed at ending direct rule from Delhi.

The most delicate part of the visit comes today when he will seek to persuade P.V. Narasimha Rao, the prime



Emotional experience: James Hendrix, Jimi's father, with band member Noel Redding

## Rock music legends enter hall of fame

FROM REUTERS IN NEW YORK

THE Rock 'n Roll Hall of Fame inducted 12 musical legends into its ranks yesterday, including guitarist Jimi Hendrix, the late promoter Bill Graham, Country and Western singer Johnny Cash and a slew of blues artists.

The Hall of Fame, started in 1986, brought in bluesmen Elmore James, Professor Longhair and Bobby "Blue" Bland, songwriter Doc Pomus and soul stars Sam Moore and Dave Prater. The Yardbirds, Booker T. & the MG's, Motown's Isley Brothers, and the late guitar-maker Leo Fender were also inducted before a

audience of over 500 at the Waldorf-Astoria Hotel. Billy Joel was on hand with wife Christie Brinkley to present the award to Moore. Keith Richards, inducted in 1989, posthumously honoured Fender, whose designs for guitars changed their sound forever.



# Fears of a nuclear war in the Middle East gain credence



Gorbachev: wanted talks, not force

A FUTURE war in the Middle East is unlikely to be fought with conventional weapons alone, according to a report on the Gulf war by the London-based International Institute for Strategic Studies yesterday. That could be the price of failing to negotiate lasting peace in the region, the report said.

Despite the defeat of Iraq and hopes of democratic reform among the principal actors in the Middle East, the region still remained "fossilised" in the old order.

Essentially, the root causes of political instability in the Gulf are just as strong as they have been for the last three decades, the report said. The West hoped that the

Experts say the root causes of instability in the Gulf are just as strong as they have been for the last three decades, Michael Evans reports

crushing military defeat of Iraq would have led to a new, democratic government in Baghdad. That would have acted as a catalyst for political change in the rest of the region, but the opposite had happened. An unrepentant President Saddam Hussein was still in power and the Iraqi army retained a potential offensive capability with more than 2,000 tanks and 350,000 troops.

The Gulf war, which di-

minished the Iraqi threat for the foreseeable future, had bought time, Roland Dannreuther, author of the report said. The overwhelming allied victory also acted as a deterrent against putative military challenges to Western interests.

In the long term, however, the pattern of destabilising political upheavals in the Middle East was likely to continue, Saddam had made sure that the situation inside

Iraq remained explosive and unresolved. One negative consequence of the war was that "the desire of developing countries to obtain advanced sophisticated weaponry and to develop a nuclear capability has been considerably increased".

The West now had to accept that the lack of political progress towards peaceful coexistence in the region meant that a sustainable security system had to depend on a strictly military balance, based "on a triangular equilibrium between Iraq, Iran and the Arabian peninsula".

The report said the manner in which the war was waged and then terminated by President Bush on Febru-

ary 28 after the Iraqi forces had been routed, "demystified" some of the ambiguities surrounding the intentions of the Bush administration. The refusal to countenance marching on to Baghdad revealed a political resolve to adhere to limited military objectives.

Saddam's survival and continued defiance were embarrassing for strategic and political reasons. The Iraqi leader's survival was a constant affront to the victory of the allied forces in Kuwait. However, an extension of the allied war aims to include the occupation of Iraq would have created "a storm of international protest... and would have confirmed the

worst fears of critics of American policy".

The report said: "The continued slaughter of Iraqi soldiers would also have provided explosive material for the international press."

Had American troops marched to Baghdad, before long America would have been engaged in an internal power struggle "that it could not control".

There was also concern about retaining the support of the then Soviet Union in the international campaign against Iraq. From the beginning of the war, the Soviet Union viewed the Iraqi aggression as an historic opportunity to demonstrate its dedication to in-

ternational law and its commitment to the "new thinking" outlined by former President Gorbachev, the report said. However, one of the fundamental tenets of Mr Gorbachev's new thinking was the conviction that regional disputes should be resolved by negotiation.

The allied decision to begin offensive action was eventually supported by the Soviet Union. But there was considerable unease in Moscow over the intensity of the American-led attacks deep inside Iraq, the report said.

*The Gulf Conflict: A Political and Strategic Analysis by Roland Dannreuther (Brasserie for the 1155: £9.50).*

## Setback to the peace negotiations

# Collapse of Israeli cabinet threatened

FROM RICHARD BEESTON IN JERUSALEM AND MARTIN FLETCHER IN WASHINGTON

ISRAEL's government came a step closer to collapse yesterday when a second right-wing party vowed to pull out of the coalition in protest at the Arab-Israeli peace talks, which limped to an inconclusive end.

The tiny, ultra-nationalist Mokedet party, whose leader Rehavam Zeevi advocates the mass deportation of Palestinians from the occupied territories, announced it would submit its resignation at the weekly cabinet meeting on Sunday. Mr Zeevi, a minister without portfolio whose party has two members in the Knesset, acted after the extremist Tehiya party, with three MPs, announced similar plans at a meeting on Wednesday night.

If the resignations go

through, Yitzhak Shamir, the prime minister, faces heading a minority government with only 59 members in the Knesset, two short of a majority in the 120-seat house. A collapse is expected to lead to talks between Likud and the opposition Labour party to agree to hold early elections, likely to take place in May or June.

The most immediate effect of the collapse is likely to be felt at the peace talks, where Israel has reached a crucial stage in its contacts with Palestinian negotiators on the future of the occupied territories, the West Bank and Gaza Strip, and its 1.8 million Palestinian inhabitants.

Although they broke up inconclusively in Washington yesterday, when the Israeli

delegation went home, the Israeli team meeting the joint Jordanian-Palestinian delegation is now poised to offer Palestinians limited autonomy. This move is denounced by Israeli hardliners as a prelude to the formation of a Palestinian state.

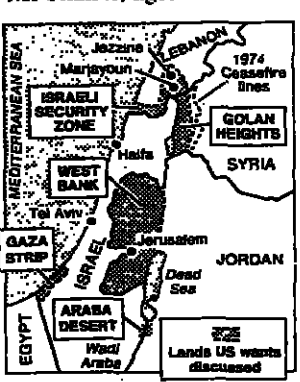
A Wednesday night meeting of the Israelis and Palestinians failed to break the deadlock over the Palestinians' demands that Israel freeze all settlement activity in the occupied territories. The Palestinians gave a warning that this issue could cause the negotiations to collapse altogether, but the Israeli negotiators appeared completely hamstrung by the crisis in Jerusalem.

Ronnie Milo, the police minister, said yesterday that, even if there is only an interim government, it will proceed with the peace process. "We have to remember in the end why this government is falling," he said. "It is falling because Likud is going ahead with the peace process. There is no reason to stop the peace process because of elections."

We will continue the process," However, political observers predicted that a time-consuming, emotionally charged election campaign would slow down the American-led initiative, particularly since the issues under discussion will become the central theme of the election. Although a majority of Israelis support the peace talks, there is growing outrage at the state of machinegun attacks by Palestinians against Jewish settlers in the occupied territories.

To complicate matters, the election is unlikely to return a stable government of either right or left. Although religious parties are expected to lose some support as a consequence of the hundreds of thousands of largely secular first-time Soviet Jewish voters, any future government will still have to enter a coalition with radical and religious minority partners.

According to polls, Likud is likely to emerge stronger. However, the prospect of a new term in government may trigger a succession battle for a new party leader to replace Mr Shamir, aged 76.



Size of the area under discussion



Cheer leaders: Iraqi women shouting slogans condemning American policy and praising President Saddam Hussein in Baghdad yesterday on the first anniversary of the allied bombing of the Iraqi capital during the Gulf war. In advance of more demonstrations today to

celebrate "victory" in the conflict, Saddam promised in a television broadcast to mark the occasion by buying new clothes or luxury items for a year (Christopher Walker writes from Amman). The promise was seen as an attempt to distance himself from growing

postwar resentment against the privileged elite, who have been living it up with black-market dollars while most of the country suffers from hyperinflation and severe shortages. Saddam has marked the run-up to the anniversary by strengthening the cult of his per-

sonality and threatening those who might rebel. Looking relaxed and healthy, Saddam had by yesterday appeared on television three times this week taunting his enemies, notably President Bush, whom he now calls "a poisonous snake" and "despicable dwarf".

## Cheney hits back at Gulf doubters

BY MARTIN FLETCHER

THE first anniversary of the Gulf war was marked yesterday by White House condemnation of "revisionists" who were detracting from a military victory that was supposed to be President Bush's greatest electoral asset.

Marlin Fitzwater, the White House spokesman, declared: "We take great pride in this first anniversary. All the original objectives had been met. Kuwait was free, the world's oil supplies were assured, Iraq was 'weak and isolated', the United Nations was strengthened, Middle East peace talks were under way, and all American hostages in Lebanon were free."

"I'm amazed," said Richard Cheney, the defence secretary, in one of a series of television interviews designed to put the best gloss on the war. "Here we are, a year after one of the most significant military operations in history, one of the most successful, and everybody's finding ways to nitpick it or second-guess the decisions that were made."

Mr Cheney insisted that President Saddam Hussein would be overthrown. "In the not too distant future," Mr Fitzwater said the Iraqi dictator was "in a greatly weakened position", and pledged America would ensure Iraq remained a "pariah among nations" until he was removed.

But, as *The Wall Street Journal* wryly observed, "the White House's political woes raise the bizarre possibility that, despite his crushing defeat, Saddam Hussein actually could outlast his nemesis, George Bush, in power."

Mr Fitzwater discounted further American military action to remove Saddam. Sanctions were "the strongest force we have, and we intend to stick with them", he said. But the Pentagon is believed to have drawn up contingency plans to support a coup attempt and the American support for Iraqi opposition groups is likely to be expanded.

## Attempt to widen role of German army fails

FROM IAN MURRAY IN BONN

THE German government tried and failed yesterday to change the constitution to allow the army to take part in operations similar to last year's United Nations-backed operation against Iraq.

During a stormy, two-hour debate, Gerhard Stoltenberg, the defence minister, pleaded in vain for the Bundestag to give the two-thirds majority needed to change the Basic Law so that German troops could serve outside NATO's area. He produced a report, drawn up by an independent commission, recommending that the Bundeswehr should be allowed to join in UN-backed military operations as well as any force serving the European Community's planned political union.

The opposition Social Democrats, refused to support any change beyond that needed to send unarmed German troops abroad as part of an international peace corps or humanitarian missions. Without their support, the government cannot obtain the two-thirds majority of the Bundestag needed to amend the constitution.

Helmut Kohl, the chancellor, is acutely aware of strong criticism, particularly in Washington, that the United States is not living up to its new international responsibilities. Herr Kohl has promised that the issue will feature prominently in the next general election in three years' time, but the chances of him even then being able to command a two-thirds majority in the Bundestag remain remote.

## Cyprus pact still elusive

BY MICHAEL BINYON DIPLOMATIC EDITOR

THE Cypriot foreign minister, George Iacovou, left London this week after two days of talks in which he urged the West to put pressure on Ankara to get peace talks going.

His visit is part of a spate of activity by the Cypriot government to inject a sense of urgency into the stalled United Nations negotiations, expected to resume next month. Nelson Ledsky, the State Department's special co-ordinator on Cyprus, said this week that a UN team would travel to Turkey, Greece and Cyprus in February for talks on a draft settlement.

The Cypriot government believes the new Turkish government of Suleyman Demirel is looking for ways to pull back from promises made last year by President Ozal. Cyprus says that Turkey considers Rauf Denktaş, leader of the Turkish Cypriot community, as the chief obstacle, while Mr Denktaş insists that Ankara is being inflexible.

Despite a friendly meeting with Douglas Hurd, the foreign secretary, Mr Iacovou believes Britain has been one of the European Community members most reluctant to put pressure on Turkey.

## Veteran dissident returns from exile to lead Algeria

FROM JOHN PHILLIPS IN ALGIERS

THOUSANDS of Algerians, many banging drums or playing berber flutes, gave an enthusiastic welcome yesterday to Muhammad Boudiaf, aged 72, the former dissident who is effectively Algeria's new head of state, sharing power with four others.

Mr Boudiaf, the head of the new council of state set up to run the country, looked fit and tanned in a brown suit and grey tie as he stepped off a government jet at Algiers airport, ending 27 years of exile in Morocco. He received a red carpet welcome appropriate to a head of state and was greeted by Sid Ahmed Ghozali, the prime minister, and Khaled Nazzari, the defence minister.

About 2,000 people gathered at the airport to welcome Mr Boudiaf, whose patriotic credentials go back to 1956 when he was among five Algerian revolutionary leaders who were captured by the French when their plane was forced to land in Algiers. He was detained by the French and after independence, fell out with the uncompromising policies of the ruling National Liberation Front.

"He will be Algeria's de Gaulle," said Lamara Abdelwahed, a veteran of the war of independence from Mr Boudiaf's native town of Msila. "Mr Boudiaf will save



Boudiaf: considered as a "unifier"

Algeria from the anarchy of the fundamentalist party and from corruption. He is a unifier."

The swearing in of the council of state is intended to fill the gap left by the resignation on Saturday of President Chadli Benjedid. The ceremony was broadcast live on Algerian television, which then transmitted pictures of women in Western dress singing patriotic songs. But leaders of political parties were keenly aware that yesterday was the date when the second round of Algeria's first free parliamentary elections were to have been held. The authorities cancelled the polls on Sunday.

The three parties who won

seats in the first round of the election, held on Boxing day, yesterday showed signs of setting aside their differences to join forces in protest at what they see as blatant abuse of the constitution.

Officials of the National Liberation Front held talks yesterday with the Front for Socialist Forces, whose leader, Hocine Ait Ahmed, was another of the revolutionaries on the plane captured by the French in 1956. On Wednesday, officials of the National Liberation Front held talks for the first time with leaders of the Islamic Salvation Front, the fundamentalist Muslim grouping that won a landslide in the first round of the elections.

After running the country for 30 years since independence the National Liberation Front has gone into opposition against the military dominated authorities now in control of Algeria.

● Cairo: America has delivered 12 F16 fighter aircraft to Morocco earlier than planned because of the troubles in Algeria. Military sources said that American military experts visited Morocco this month to assess the kingdom's defence needs after the Muslim fundamentalists' first round victory in Algeria's aborted general election. (Reuters)

## Pretoria arrests extremists

Johannesburg: South African police have arrested 20 extremists from opposite ends of the political spectrum in connection with bomb and grenade attacks and the murder of policemen (Gavin Bell writes).

Seven of them are associated with right-wing Afrikaner resistance movements and 12 with the extreme-left Pan Africanist Congress.

## Scud charges

Bonn: Two business managers and the head of the sales department of Thyssen, the big German steel company, have been charged with illegally exporting to Iraq in 1990 essential parts for Scud B missiles worth £665,000.

## Arms deadline

Beirut: The Syrian-backed government here has issued a two-month ultimatum to all Lebanese citizens to hand over their light weapons within two months or face prosecution, in an attempt to curb a soaring crime rate. Army searches will be conducted.

## King honoured

New York: Americans honoured Martin Luther King's birthday with appeals to follow his example of non-violence. David Dinkins, mayor of New York, said King would be disappointed to see the number of race-based crimes in the city. (AP)

## Freed on bail

Dhaka: Raushan Ershad, Bangladesh's former first lady, was released from 13 months of detention after the high court granted her bail but restricted her travel abroad. She faces charges of corruption, misuse of power and nepotism.

## Sex complaint

Johannesburg: Men in Swaziland have complained to trade union officials of sexual harassment by women bosses. A union official said he was investigating claims that women executives had forced male employees to work late so they could make love.

## Confused Malvolio woos recession-struck Elm Street

NEW HAMPSHIRE NOTEBOOK by Peter Stothard

Following George Bush along the campaign trail is like watching an actor put on make-up and costume for a particularly arduous character role. He begins the day with calm presidential concentration, listening to disgruntled business executives as though they are prime ministers of obscure African countries. An hour later his facial muscles have loosened, his limbs have become more gangling, and he is almost "good of country music-loving George Bush".

He confuses Europe and Asia, perhaps deliberately, to show that he only really cares about home. He confuses his solicitor-general with his surgeon-general — show-

ing how his heart is in New Hampshire, not Washington. But he still does not do anything so vulgar as to ask for a vote in the primary election which takes place on February 18.

By the end of the day his arms are shooting around like the mad-dened Malvolio. His eyes are bright and he strings together meandering phrases about family values, Gulf war victories, Barbara Bush's virtues and his mistakes in office. "Don't cry for me, Argentina," he tells a puzzled audience of insurance workers. Only then does the now wholly transformed candidate for George Bush ask: "Please vote for me."

If next month's primary does

nothing else for New Hampshire, it brings some much-needed revenue into this recession-struck state. The once empty storefronts of Elm Street, Manchester, are now briskly selling politics. Bill Clinton, the Democrat frontrunner, and his bubbling student supporters are the new neighbours for the Renaissance restaurant.

Pat Buchanan, the Republican challenger, is a few doors away, doing big business opening cheques from conservative well-wishers throughout the country. Just around the corner is the Bush-Quayle headquarters, more lightly staffed with fat-walletted fund raisers and a battered,

stuffed toy elephant. Across the road Senator Bob Kerrey has tried to reinforce his image of youth and vigour by taking over a beauty parlour complete with showers, sauna and palm trees painted on the walls.

Sixty-two candidates are fighting this primary. Some have future political ambitions, others push single issues but most are spending their much appreciated money here for little other purpose than to tell their grandchildren about the time they "ran for president".

Many think it unfair that New Hampshire gets all this business. Professor James Fishkin wants to weaken the hold of this unrepresentative state which has few of

the racial inner-city problems which dominate the politics of the "real America".

He proposes that the media concentrate instead on his proposed "national issues convention" in which 600 delegates, demographically selected to represent the whole nation, are forced to spend several days with presidential candidates before casting their votes. Professor Fishkin has the backing of all ten presidential libraries, one of which might play host to this project in 1996. Not surprisingly, this does not play well on Elm Street.

Charles Bremner, page 12

سكرا من الاصل



London Galleries: A new exhibition reveals unexpected aspects of the art of Andrea Mantegna, as Richard Cork discovers

# Intimate tenderness amid the triumphs

With deep creases scoring the flesh between stern eyebrows, Mantegna's bronze bust scowls down from the wall of his memorial chapel in Mantua. He looks as irascible as contemporary accounts suggest, and his unapproachability is heightened by the sculptor's imperial style. Dour, remote and implacable, this is a portrait of the artist as a Roman potentate. The laurel wreath crowning his long, flowing hair only adds to the air of severity. Mantegna's downturned mouth would appear to brook no supplicity, and his laser-like eyes view the whole notion of friendliness with disdain.

Positioned at the beginning of the Royal Academy's great Andrea Mantegna retrospective, a plaster cast of this grim-visaged effigy sounds an uncompromising note. He seems harsh enough to inhabit the rocky landscape depicted with such precocious skill in *St Jerome in the Wilderness*, the earliest painting on show. Still in his teens when this small, utterly assured panel was executed around 1448, Mantegna relished the unyielding austerity of the saint's locale.

Jerome himself appears to be hewn from the same material as the stony world he inhabits. Even the lion reclining at his feet looks up at him askance, as if in perpetual fear of punishment. A pair of wooden mallets dangle from a plant lodged in the rock-face above. Apart from reminding us that Mantegna's father was a country carpenter, they provide the saint with a ready-made means of retaining the animal's obedience.

The same emphasis on starkness, amounting at times to cold aggression, runs all the way through the exhibition. In a tall, forbidding canvas painted some six years later, another compliant lion stands beside St. Euphemia and, with lifted paw, closes his mouth gingerly around her arm. She refuses to respond to the fawning gesture. Framed within a monumental arch, Euphemia stares out with unshakable hauteur.

She is as impenetrable as the armoured St. George who, in a subsequent jewel-like



Bird on a Branch catching a Fly, a Mantegna drawing

painting, stands triumphantly over the dragon's carcass. Like Euphemia, he occupies a marble casement which stresses his own sculptural qualities. Both the polished breastplate and the chain-mail beneath are depicted with absolute verisimilitude. Even his halo is as hard as a copper disc glinting in the sunlight.

The hilly landscape behind the saint recedes persuasively into space, proving how well Mantegna had mastered the new Quattrocento passion for perspective. It serves as a foil for the stillness and solidity of the foreground figure, whose poised body presides over the scene like a statue on a plinth. Mantegna's passion for lapidary surfaces was undoubtedly boosted by the classical sculpture abounding in his native Padua. He shared with his teacher, Francesco Squarcione, a limitless appetite for Roman ruins and artefacts. No Renaissance painter was more ardent in his pursuit of the Antique, and sometimes he allows

archaeological exactitude to stiffen his work with an excessive amount of respect for the past.

In a room dominated by grisaille paintings, restricted for the most part to monochrome figures in relief, this love of painting-as-sculpture reaches its zenith. The overall greyness becomes unrelenting as Mantegna imprisons his objects in shallow, stage-like spaces.

A preoccupation with virtuous violence recurs, too. David bestrides Goliath's corpse, holding his enemy's decapitated head aloft; and the love-lorn Dido stands in another picture before a funeral pyre, sword at the ready for a suicidal thrust. If Mantegna had contented himself with marble reliefs alone, the exhibition would be a headless affair. But other paintings testify to a far less numbing range of emotions, and undermine the image projected in his bronze bust.

The largest of the grisailles, a panoramic scene devoted to *The Introduction of the Cult of Cybele in Rome*, explodes in an inferno of leaping, flame-like colour behind the cavalcade of coolly carved figures. Mantegna wielded *gravitas* in order to control a volcanic intensity of feeling. And when he allows it to erupt, the outcome is all the more powerful and surprising.

In a small panel depicting the *Descent into Limbo*, Christ stands near the edge of a black cave leading down to hell. Mantegna's brother-in-law Giovanni Bellini painted a closely-related version of the scene, where airborne devils

blow flames through trumpets. But they are far less awesome than the sense of a void in Mantegna's painting.

Here the cave becomes more engulfing, and a mysterious gale rushes upwards from the depths with enough force to blow Christ's draperies into a frenzy of convoluted folds. The blast also assists the miraculous emergence of the bearded man who, impelled by Christ's magnetic presence, stretches out both arms in wondering gratitude towards his saviour.

Mantegna's instinct for the dramatic significance of an event surfaced early in his career. A youthful painting of the *Adoration of the Shepherds* is enlivened by the reaction of the two gaunt peasants. Kneeling beside the typically rocky plateau where the baby lies, they gaze down at him with a fervour bordering on outright astonishment. Their flabbergasted faces are far removed from the conventional piety so often depicted in such scenes. They crane forward, eager to examine the infant but animated as well by a strain of disquiet.

The dark-haired shepherd is particularly agitated, parting his mouth in a mixture of excitement and alarm. Mantegna uses him to convey not only the joy attending the advent of Christ, but also a presentiment of the martyrdom to come.

This consciousness of inescapable danger informs even the most idyllic of his virgin and child paintings. Here Mantegna demonstrates just how tender he could be, especially when he focuses on mother and infant without any distraction from attendant figures. In a superb little canvas from Berlin, the woman has swathed the sleeping boy in her broadened veil. It encircles them both, and while one protective hand clasps his body, the other supports the head.

No maternity image could be more intimate and profound. She leans her cheek against his hair, absorbed in the completeness of their union. But her unsentimental solemnity carries a hint of sadness. Her son is wrapped in swaddling clothes, which enclose his body so tightly that they appear to prophesy the deathly constriction of a winding-sheet.

The most moving of all Mantegna's responses to this theme is found in a grand and masterful engraving. Since his art rests on a foundation of wiry, defining line, he was able to invest this print with overwhelming conviction.

Seated simply on the floor and shorn of either a halo or any other sacred symbol, the virgin cradles the child in her lap. But she also closes her hands firmly around him and presses his body right up



Unsentimental solemnity with a hint of sadness: Mantegna's *Virgin and Child*, tempera, circa 1465-70

against her chest. Mantegna's command of essential contour ensures that the enclosed pair lock into a compact, loving unit, secure in each other's bodily and spiritual warmth. Their isolation in the darkness introduces, nevertheless, a feeling of vulnerability. The woman's pose takes on a defensive implication, as though anxious to ward off the harm which will one day assail the child.

Much of this outstanding survey is restricted to small-scale images, with a subdued colour-range alleviated only by occasional outbursts of brilliantly orchestrated pigment. The final room, however, introduces a climactic transformation. Given over solely to the *Triumphs of Caesar*, the grandest gallery in the Academy is embellished with Mantegna's most ambitious and deeply considered series of canvases.

Despite the grievous damage inflicted on them in the past, these epic celebrations of Roman might and valour

parade from one end of the room to the other. Restored to their original positions behind a sequence of projecting pilasters, which enhance the illusion of unstoppable momentum, they look far more unified than in the Orangerie at Hampton Court. The Academy's lighting militates against a close examination, shining on the upper surface whenever the viewer moves near. From the seating which lines the opposite wall, they appear magnificent.

Even the fading has an attraction of its own, emphasising the seductive antiquity of a pageant remote even from Mantegna's period. At times exuberant, with trumpets blaring in honour of Caesar's military prowess, these complex images are by no means a simple-minded glorification of his supremacy. Bearers stagger under the weight of their trophies, and Caesar himself seems burdened by the responsibilities

which are the conqueror's.

The severely overpainted *Captives* canvas has been excluded from the show, or the artist's compassion for the victims of war would be evident as well. Throughout the *Triumphs*, elation is countered by melancholy. Near to death when he completed the latest of the series, Mantegna allowed them to be affected by his awareness of mortality. The armour, statuary, vases and elephants proceeding towards Rome testify to the loss of entire civilisations, and he knew that Caesar's empire would succumb to an invader's assault. Even as Mantegna savoured the splendour, he let his paintings prefigure the dissolution of all worldly aggrandisement in the end.

Andrea Mantegna, sponsored by Olivetti, at the Royal Academy of Arts, Piccadilly, London W1 (071-439 7438). Daily, 10am-6pm, until April 5. Admission £5; concessions £3.40, students under 18, £2.50.

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## CINEMA: FINANCE

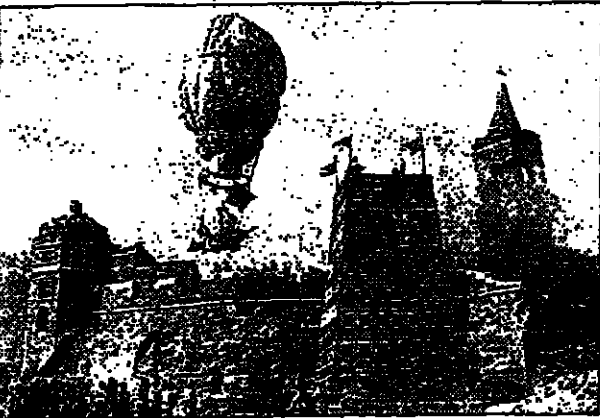
## Beefing about the baron's extravagance

David Robinson reports a financial horror story from the world of film production, now the subject of a book: the making of Terry Gilliam's *The Adventures of Baron Munchausen*

Raspe's book in 1979. Gilliam could hardly resist the Baron's declaration: "Your 'reality', sir, is lies and balderdash, and I'm delighted to say that I have no grasp of it whatever."

"The film's about lies," enthused Gilliam at the time. "It's about the greatest liar the world has ever known. It's about flying to the moon and meeting 60-foot people with detachable heads. It's about being swallowed by whales and flying on cannonballs. It's about dancing in the sky. In other words, a normal, everyday sort of film."

Visions like this cost money. Money, however, appeared to be no problem to Thomas Schuyly, a German producer who presented himself to Gilliam as the ideal choice for *Munchausen*, claiming credit for the success of *The Name of the Rose* among other career triumphs.



Costly vision: *The Adventures of Baron Munchausen*

In Yule's book most of the misfortunes of *Munchausen* are laid at Schuyly's door. Although he prided himself on his contacts with celebrities, he had a knack of upsetting and losing members of the crew. His promises far outran fulfilment and he was cursed with a manic optimism, which caused him to insist that the film could be made for \$25 million, when wiser heads said it would cost \$40 million. He moved the production to Cinecittà in Rome because, he insisted, costs were lower there: in fact production was more expensive. Before shooting ended, Gilliam and Schuyly were no longer communicating.

True, Schuyly could hardly be blamed for some of the film's other misfortunes, such as a storm that destroyed one set, stampeding elephants that trampled another, inopportune

incontinent cattle and a variety of ailments that hit the unit, ranging from renal colic to allergic rhinitis. The owners of a film adaptation of *Munchausen* made in Nazi Germany claimed rights to the subject and brought suit (eventually dropped) for a total of \$1,200 million; the present Baron Munchausen also threatened legal action.

Misfortune and mismanagement slowed work to a snail's pace; and the budget doubled, between August 1987 and September 1988, from the original estimate of \$23 million. The bankers and guarantors then sent in their bureaucrats, whose demands for script cuts, threats to sack the director and often capricious economies generally served only to increase delays and costs.

Against all odds the film was finished, thanks largely to Gilliam's obsessive determination: "I think my priorities are right. I will sacrifice myself or anyone else for the movie. It will last. We'll all be dust."

Another hero in Yule's story is David Tomblin, the film's first assistant director. "I had the unpleasant job of making everyone's life a misery to keep it going. Terry had his fantasies to put on film; I had to judge when to pull in the reins."

Even when the film was finished and received an ecstatic critical response, the troubles of *Munchausen* were not over. Columbia Pictures was, to say the least, less than enthusiastic in promoting films initiated (as was *Munchausen*) during the regime of David Puttnam, which had ended in acrimony; the studio spent only a fraction of the normal marketing budget on the film. The consequence was failure at the box office.

Yet *Munchausen* survived to become a cult in its own right, and Gilliam's career and artistry have not suffered. For a subsequent Columbia management he has made the huge box-office success, *The Fisher King*. "Is Hollywood," Gilliam once asked himself, "really about making movies at all?"

"Or is it merely about phone protocol, games with friends, rubbing each other's backs, cutting partners in on the action? Are movies themselves simply the necessary byproducts of the system?" He was not the first to pose the question. And he will not be the last.

LAURENCE HIGGINS: Dead by his own hand at the age of 24, in 1888, Higgins painted life in south London in a colourful style verging on the Expressionistic; his series of etchings, *The Invisible Link*, a set of which was bought by the Arts Council, deals with happenings on a Peckham housing estate. Much promise, but also already real achievement. Festival Hall, South Bank SE1 (071-928 3002) Daily 10am-10pm, until Feb 16.

ALISON LAMBERT: Classical sculpture seems to be at the root of Lambert's work, mostly very large drawings in black and white. The term "drawing" hardly does justice to their complexity, using collage and extra-heavy papers to produce an effect which is almost sculptural. The vision and the technique are distinctive. Long and Ryde, 4 Islop Street, SW1 (071-834 1434). Mon-Fri 10am-6pm, Sat 11am-1pm, until Feb 29.

ANTONI TAPIES: Since 1947, Spanish abstractionist Tapiés has been almost as important a print-maker as a painter. The 1991 series of *Monumental Prints*, large in size and imposing in their imagery, receives its first showing in Britain. Also early drawings by Karl Weschke, distinguished German settler in St Ives. Redfern Gallery, 20 Cork Street, W1 (071-734 1732). Mon-Fri 10am-6.30pm, Sat 10am-1pm, until Feb 6.

ANDREW NORRIS: The National Gallery gave the young artist Andrew Norris unrestricted access during the building of the Sainsbury wing. The result is a series of highly formalised paintings, giving a fascinating non-photographic insight into the building process, as well as making a highly personal statement. The Building Centre 26 Store Street, WC1 (071-837 1022). Mon-Fri 8.30am-5.15pm, Sat 10am-1pm, until February 7.

ORLANDO GREENWOOD: This year is the centenary of Orlando Greenwood's birth; he died only three years ago, but stopped painting in 1967. Why is not clear. Between the wars he exhibited frequently and was very well reviewed, mostly by critics who saw him as a bulwark against modernism. All the same, he is distinctly modern in his clear, Fauve-influenced colour and his characteristic visual shorthand for people and places. A minor figure, certainly, but well worth another look. The Bloomsbury Workshop, 12 Galen Place, WC1 (071-405 0632). Mon-Fri 10am-5.30pm, until February 8.

JOHN RUSSELL TAYLOR

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# The case of the well-briefed barrister

**Kate Muir meets George Carman, the QC with a gossip-column client list and a talent for the rehearsed bon mot**

When the going gets tough, the tough bark into their mobile phones: "Get me Carman." Even if the name of Britain's most successful barrister is only slightly familiar, the clients of George Carman, QC, read like the contents list of *Hello!* magazine — Jeremy Thorpe, Ken Dodd, Norman Tebbit, Maria Aitken, Robert Maxwell and (this week's batch), Jason Connery and Kevin Maxwell. On the opposing side, Sonia Sutcliffe, Arthur Scargill and Edwina Currie have all been victims of his extensive vocabulary.

As the only full-time barrister to ever appear on Radio 4's *Desert Island Discs* — the invitation to the programme's 50th birthday party is displayed on his mantelpiece — what is it that makes this man counsel to the stars? For, in the way that the rich must have Gucci luggage and stay in the Beverly Hills Hotel, they must also have Mr Carman.

Clearly, the phenomenon could not be investigated by interview alone. Mr Carman had to be viewed in his natural habitat. In this case, court 13 in the High Court on the Strand, in London. Waiting for the afternoon session to begin is a retired gent, who attends courts in the same way other people watch afternoon soaps. "This is the best one on today, love," he says. "You're got Sean Connery's son and that Mr Carman."

That Mr Carman has been hired by Mr Connery who is seeking "very substantial" libel damages over a newspaper report which he claims branded him a coward who would rather fight for his country in the Gulf war. *The Sun* and the journalists involved all deny the libel, and the case will continue until Monday.

But it is our subject's style, rather than the facts, which is of interest. A surprisingly low, almost growing voice comes out of Mr Carman's small frame, making other barristers sound woody by comparison. His interruptions slice through the waffle and snap the snoring public gallery to attention. His cross-examination technique is described by colleagues as "slow attrition followed by ambush". His neck stretches out and he aims directly at the witness box, like a homing device. His tone with the jury is intimate, giving the impression that only he, and they, are really in search of the truth.

Back in his chambers in the Temple he announces: "The courtroom is a forensic battlefield, and it is vital to go in there armed." By which he means that he considers the most important skill of advocacy to be preparation. "Preparation



"The courtroom is a forensic battlefield, and it is vital to go in there armed": one of the hallmarks that has made George Carman a barrister worth at least £500 an hour to his grateful clients

is the intelligent anticipation of the issues that can arise, and the intelligent analysis of either the law or the human personalities that may be involved."

The second tip for the ambitious young lawyer is to have a commitment to the cause of his or her client and a profound belief in the value of the legal system. "One has to be a committed visitor to the shrine of the court," he says, becoming oddly evangelical. "You cannot consider it as a job you do for a living. You have to think: 'I am making my contribution — however humble, modest and transient — to something that is greater than any one lawyer, to a legal system providing a civilising process in society.'"

The civilising process is by no means cheap. Mr Carman's time, if he calculated it in that way, is rumoured to be worth £500 an hour. However, he wishes to retain his right of silence on that subject.

That is exactly what he has been advising his latest client, Kevin Maxwell, to do when faced by a somewhat hostile House of Com-

mons select committee investigating the missing Mirror group pension funds. For, although the Maxwell brothers might as well have been mannequins for all the interest they provided, the televising of the committee did give the punters a chance to see Mr Carman in action.

Perhaps he would be keen to continue such appearances — that one did, after all, result in fame in a *Sun* article: "With respect, 10 brief facts about legal eagle Carman." But he is keen to play down his fame and is quite against the televising of most trials, especially in the American style. "I was dismayed in the extreme to see how the Kennedy rape trial was conducted. It is something we never want to see here. It belittled the law and turned the trial into a soap opera."

Like others at the Bar, he sees no reason why the Appeal Court (with no witnesses or juries) should not be televised in cases of public interest. "Of course the judges would presumably dislike it, but there might be some who would say that might encourage them to be more vigilant in their perfor-

**'Rather like an actor seeking the challenge of new parts, I find it stimulating to tackle a case in a new area'**

mance." Mr Carman is both skilled and subtle in being rude. His one-liners and ability to think on his feet are famed in the Inns of Court. Some of the best came when he successfully defended South Yorkshire police against an unlawful imprisonment charge by Arthur Scargill. Mr Carman said that entrusting the upholding of civil liberties to the former miners' leader was "as dangerous as entrusting Satan with the task of abolishing sins".

He is fond of the Biblical-sounding phrase. Defending Jeremy Thorpe, charged with conspiracy to murder, in 1979, Mr Carman said: "He is human, like us all. We learn — do we not? — that idols sometimes have feet of

man." In the Sonia Sutcliffe case, he said of the wife of the Yorkshire Ripper: "She danced on the graves of her husband's victims... the truth and Sonia do not make good bedfellows."

Consequently, it is not entirely surprising to discover that the 14-year-old George Alfred Carman decided to attend a seminar near his home in Blackpool, with the intention of becoming a priest. But, by 16, he decided he was not cut out for the cloth.

He is still fond of converting unbelievers and wearing long black garments and white collars. Only the backdrop has changed. Like any preacher, he does not go unprepared. The one-liners, he admits, take some work.

"I'm reluctant to give away all my secrets," he says, looking beady around his room (exquisite Bukhara rug, mahogany table, genuine fake-coal fire) as though it is bugged. "It is often useful to identify the case with a hallmark. That sometimes can be achieved by a particular phrase which will stick in the mind of a jury in a criminal case, or epitomise the thrust and the climate of the case to the judge. The selection of such a phrase is almost invariably a matter of preparation. It never normally comes to me — as it might to others — as sudden inspiration on my feet."

Mr Carman makes it clear he got where he is by hard work as well as talent. Described by his colleagues as a workaholic, he has been divorced twice. At 62, it might be assumed he could afford to relax, but his schedule is booked years ahead with civil and criminal cases. "Rather like an actor seeking the challenge of new parts, I find it stimulating to tackle a case in a new area."

Growing areas include that of fraud, and he thinks the courts are not properly equipped to deal with

trials, like the Guinness affair, which can last up to a year and involve huge technical and accounting complexity. Mr Carman believes the solution might lie in specially qualified juries, or expert lay assessors who work alongside the judge.

Another of his legal bugbears is the right to silence, which he brought to prominence again this week, and thinks should be enshrined in statute. The competing interests of the citizen not to testify against himself must be balanced with the right to interrogate people in fiduciary positions, he says. Other areas of the law which could do with a shake-up are reducing the retirement age of judges to 70, and allowing judges to set sensible ranges for libel damages.

Mr Carman believes change will come, but not quite yet, and provides one of his hallmarks to describe the situation. "The English law," he says, adjusting his Garrick Club tie, "moves along like a great ship of state in all its majesty. But I'm afraid it has to be refurbished, fitted out with modern propellers, and perhaps a new crew."

As the nation prepares for another episode of televised lust in Lakeland, a doubting voice

## Please Melvyn, not in front of the sheep

There is, of course, no sex in the Lake District. Everyone knows that. It's what it's there for. The nation's schoolboys and school girls have been dragged on outings to Lakeland for the past 200 years, purely for their own good, to get any disgusting thoughts out of their smutty heads and heads. Real cold showers always guaranteed.

Those who stay at home, and have only a received image of Lakeland in their minds, know that Lakeland means the fragrant Miss Beatrix Potter, the wholesome Mr Ransome and the saintly Mr Wordsworth. None of that sex nonsense ever got into their works. We do have standards in Lakeland.

So what is Melvyn Bragg playing at? Daring to suggest before 12 million television viewers on Sunday evenings, with his utterly depraved series, *A Time to Dance*, that people are not only "doing it" in Lakeland, but in the open air. And in front of sheep, as well.

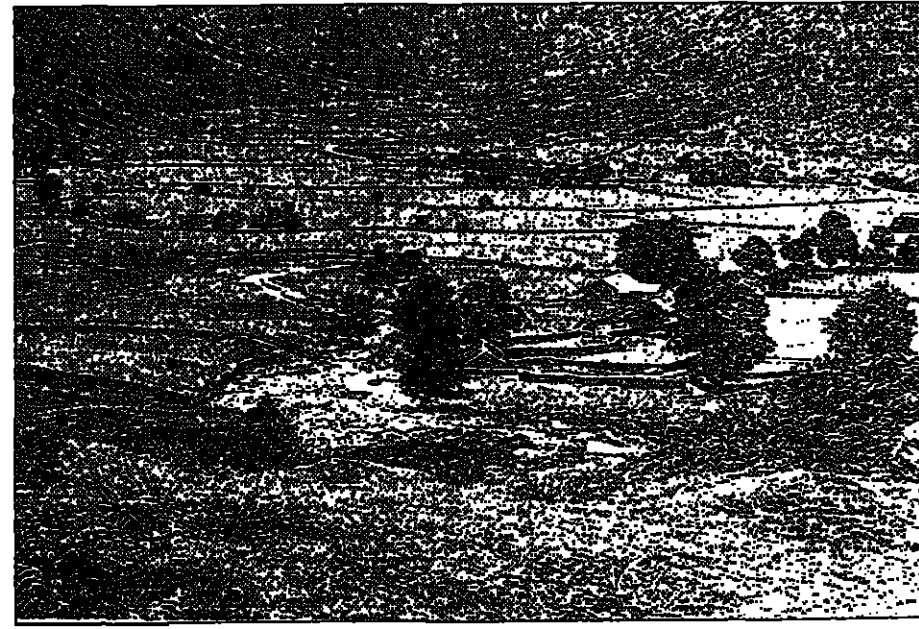
I watched last Sunday and the final coupling scene took place near the cottage I owned for ten years outside Caldbeck. I know the exact spot. Dear Melvyn often visited me there and agrees it was the location he had in mind when he wrote his original novel.

Alas, we now have it on the screen, with real naked bodies, flailing away. Luckily, no true Lakelanders will believe it for one moment. Especially those who have ever tried it.

It's not just the sheep. Always nosing around for any juicy morsels. There are wild ponies on that common, and bloody cheeky they are, too. And strong. I still have there are the wizened walkers from Lancashire, the retired tweedy school teachers from the Home Counties, the Japanese party in state-of-



Love interest: Ronald Pickup (TV's passionate banker) and the Cumbrian countryside, where he loses his heart



the art kagouls, or Chris Bonington, who lives a couple of miles away, treading on you in full mountain gear.

Even if you do manage a moment of peace and seclusion. Wheeeeee. It's a low flying jet with some leering RAF type waving encouragement. Probably taking photos as well, which he'll show in the mess, back in Lincolnshire.

No chance, folks. And I don't think there ever has been. Or has there? Remember what happened in 1803 in Keswick, when that artistic chap, William Hazlitt, came a-visiting the Lake poets. He attempted a legover

situation with a local girl, then was hounded out of the town, taking refuge with Coleridge and Southey at Greta Hall. Did he get his wicked way? A recent correspondence in the *Times Lit Sup* suggested he did.

And what about the lily-white Miss Potter. Is there not drugs 'n' violence lurking beneath the scenes? Paddy Pig definitely hallucinated on the effects of those toad-stool tarts, no question, and I bet you Peter Rabbit felt pretty high after the camomile tea. Arthur Ransome appears totally safe for all Boy Scouts, but I've always wondered about Titty.

The Blessed Wordsworth, a legend in his lunch hour, sitting at the gate of Rydal Mount, greeting the worshippers, was considered by all Victorians as totally beyond reproach — and yet it came out, 70 years after his death, that he'd had an affair with a French girl by whom he'd had a daughter.

Today, perhaps it still goes on, but I have missed it, sitting in rural innocence in my new Lakeland hideaway near Cockermouth. Which just happens to be the town in the television series.

In fact they used the real Midland Bank in Main Street, Cockermouth — where a 54-year-old fictional bank manager falls in love

with a school girl. The real manager is 53-year-old Neil Jones, married with three children, and he would of course never do such things. He happens to have been at school with me, Carlisle Grammar School, proof enough of his integrity, but all week he's had to put up with silly remarks. "Every time I go into my office, someone asks if I've got a school girl with me."

In the film, the manager has a rather lush Volvo estate. Mr Jones makes do with a Carlton 1.8. Bad research, Melv.

They filmed inside his office, as well as outside, and he says he was assured the

film would not be as raunchy as the book, being the BBC. "So I was most surprised. I thought the rape was over the top. My ten-year-old daughter wants to read the book but I'm not letting her. I don't think I would watch it again, if it wasn't for the local settings."

Jeremy Winkworth, a local printer, was in a Cockerthorpe pub, Rizzo's Bar, watching the first episode with his mates, and says it all went very quiet during the last seduction scene. "Then everyone shouted out the same thing — 'That's Caldbeck Common!'" Collapse of all parties. Knowing the unlikelihood of such a thing. There was also ribald laughter when someone pointed out that one of the nearest fells, which the copulating couple must have seen, is called Great Cockerthorpe. Go on, check it on the map, if you don't believe me.

There are of course impressionable outsiders who will think such high jinks are now commonplace in Lakeland, which might be no bad thing, helping the tourist trade in these hard times.

"We hope the series might attract more people to Cockerthorpe, Wigton and western Lakeland," says Lorna van Hove, the publicity officer of the Cumbria Tourist Board. "We've already had an enquiry about the possibility of a new business initiative on Caldbeck Common. Someone wants to hire out binoculars. Of course it might have been a joke."

I'll be watching on Sunday, for the pretty sylvan scenery of course. Anyway, the controller of BBC 1 has decided to replace a five second shot from the next episode, on grounds of taste. Bang goes the binocular trade.

HUNTER DAVIES

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ملکات من لاند



# Getting over depression

The Big Apple offers hope for slump hit America, says Charles Bremner

A touch of *Schadenfreude* has crept through New York over the past month. It might be translated as "welcome to the club". Citizens of the battered metropolis have managed to draw some grim satisfaction from watching a wave of fear sweep across America, from California (so recently the promised land) all the way to Washington, where it has given George Bush the jitters and lit the hopes of the Democratic party.

With General Motors dispensing with 70,000 employees, while collar workers being dumped by the tens of thousands and property values slumping deeper, the spectre of depression has come to haunt the land. Even though life in America is far more comfortable than in most other countries, 18 months into the national recession the dreaded D-word is on everyone's lips. Even President Bush, who denied the very existence of recession two months ago, blurted out on Wednesday that the "economy is in free fall" adding: "I don't know what I have to do to convince people that I care about this." The venerable economist J.K. Galbraith joined the gloom-mongers this week, pronouncing this moment to be "the least happy time since the Great Depression". A century ago, he said, people would have been talking about a "panic".

In New York, however, the reaction is a blasé shrug and a crack along the lines of: "So what else is new?" When it comes to the current neurosis, a time-lag separates the hinterland from the island city off the north-east coast, and strange as it may sound at a time of high anxiety, the rotten, derelict old Big Apple can offer some hope for the panic-stricken. The market crash of 1987 triggered the collapse of the New York economy, and now, more than four years later, there is a sense that the city has paid its dues for the bacchanalia of the 1980s, and is now beginning to mend, at least spiritually. It has done its yuppy penance and is getting on with life, free from the anguish that is wracking the rest of the country.

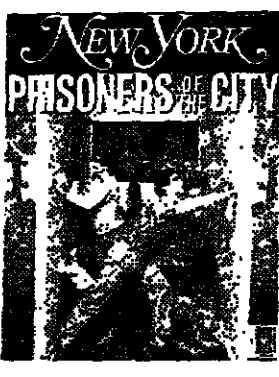
The local agony is far from over. Job losses in the services sector have wiped out all the growth of the last boom. The shattered property market, the factor which has wounded the middle-class psyche more than any other, shows only a glimmer of recovery. Horror stories, ghastly even by London's present standards, abound. Banks are still foreclosing mortgages by the hundred, and thousands of families until recently well-to-do are wiping out their life savings with flats they cannot finance or sell even at a loss of as much as 50 per cent.

My own building on East 23rd street, a poorer middle-class quarter, offers a snapshot of the malaise. Tom, in the upstairs flat, is an architect who has been out of work for a year. Like 46 per cent of his profession in the north-eastern

United States. He is partly financing his now unsaleable flat with a job wrapping gifts in Macy's. But the department store itself is expected to declare bankruptcy any day now.

In the bottom of the building, the East Side Copy Shop is doing big business printing the CVs of the unemployed, and Tony's bagel shop is besieged before dawn by homeless men begging stale bread. Up the avenue sits a symbol of the vanities now gone, a glimmering but empty tower for yuppies who never came. Its name, spelt out in high-tech letters, is The Future.

However, the mood has definitely turned in the past few months. The age of Trump now seems a bad dream as people have to make the best of adversity. Adapting to the new frugality, the nouveau-cheap are busy "down-shifting" their life-styles and "boot-tom-feeding", snapping up bargains at events such as the car auctions of the dispossessed, "Cooconing", the stay-at-home trend of the late 1980s, has been pronounced dead, and nightlife has returned. Clubs and cabarets are booming. Some art dealers are even talking about a revival in the market. After a virtual boycott, Hollywood has rushed back to use the New York mystique as the setting for its films.



No escape: yuppie families are losing their homes

Rover, for example, implores viewers who cannot afford such a vehicle to do their patriotic bit by buying anything, even a bar of chocolate.

Less whimsical, is the paradox of Wall Street. The stock-market hit a record high this week despite the millennial angst and defeatism in the country. Investors seem to be betting that the worst is over. Some of the optimism may spring from rumours, or "information viruses" as they are called these days, but it is also fuelled by statistics such as inflation of only 3 per cent and a mortgage rate of about 7.5 per cent, the lowest since the early 1970s. Even unemployment and the fall in production are not as severe as in the early 1980s, and certainly nowhere near the levels of the Great Depression.

New Yorkers like to explain the American trauma in the language of that local obsession, the recovery movement. The famous phases originally devised by Alcoholics Anonymous are now applied to breaking any painful cycle, whether it be addiction to sex or designer clothes. First there was denial, a phase prolonged in America by the Gulf victory and Mr Bush's blithe dismissal of trouble last year, then came anger, bargaining and depression, the phase now gripping most of America. New York has been through all that and has, it believes, reached the prelude to recovery: acceptance.

Government and opposition are both keen to exaggerate their differences, writes Peter Riddell

# Overtaxing voters

A WEEK IN POLITICS

Chris Patten and Tony Benn symbolise opposite traditions in British politics. One speaks for the politics of continuity and consensus, while the other is the voice of ideology and conviction. But this week they have apparently reversed roles. Mr Patten has stressed the differences between the parties, while Mr Benn has argued that the two leaderships have essentially the same view.

A paradox of the current debate is that ideologists, such as Mr Benn and some Thatcherites disillusioned with the Major regime, have been playing down the choice at the election as almost between the lesser of two evils.

A central threat to a Tory victory is the belief that it is safe to vote Labour, that a convergence allows a risk-free return to an alternation of parties in office. Any suggestion that it will not make much difference to the country who wins the election is naturally anathema to the party leaderships. Their jobs and careers are at stake. Backbenchers can be more detached.

The fear that voters do not care explains the shrill note of the current debate. The carefully orchestrated attempt this week to generate a scare story over Labour's defence plans has not worked because the story is implausible. There are serious questions about Labour's defence proposals, over

the fourth Trident and conventional spending, but they are minor compared with the last two elections, when a Labour victory would have severely disrupted Nato. Where the Tories have scored a hit, the charge has been specific and believable, as when John Major celebrated yesterday over the apparent revision of Labour's plan to raise the ceiling on national insurance contributions.

The closeness of the party poll ratings makes them even keener to seize whatever tactical advantage is available from campaigning. The real meaning of almost all recent polls — whether showing a lead for the Tories or for Labour, as this morning's conflicting findings from Gallup and NOP do — is that the gap is too close to give either party an overall majority.

Both the Tories and Labour face a dilemma. They need to emphasise differences to establish a clear lead, while at the same time showing how they themselves have moved towards the centre. Thatcherism is being softened and Bennism is a dread memory, but each party pretends the other has not changed. Neither party wants to admit that Britain is returning to consensus politics, for that implies that the election does not matter much. But as Dennis

Kavanagh and Peter Morris argue in their *Consensus Politics*, the term does not mean absence of disagreement, but rather "a set of parameters which bounded the set of policy options regarded... as administratively practicable, economically affordable and politically acceptable." More elegantly, A.V. Dicey argued a hundred years ago that the Conservative and Liberal parties had differences which were "important but not fundamental".

Even in its heyday before the mid-1970s, the post-war consensus over the welfare state and the mixed economy permitted differences about the level of benefits and taxation and the extent of government intervention in industry. Party exchanges were often bitter. Similarly, to argue, as I have in these columns, that there has been a convergence of approaches does not mean there is now an identity of views. The upheavals of the 1980s are over, and new parameters have emerged: some are broadly Thatcherite, such as acceptance of privatisation, and

others more collectivist, such as universal provision of health and education services. Herbert Morrison's legacy has been rejected, but the legacies of Aneurin Bevan and R.A. Butler remain. But differences persist over levels of provision and taxes, industrial relations law, competitive tendering for public service contracts, and the statutory minimum wage.

All this is the stuff of traditional party debate rather than the wide chasm of the early 1980s. Mr Patten protested too much this week in his Disraeli lecture when he argued that "The differences between us are real and substantial enough. The stakes later this year really will be high." He rejected the view that "the combination of John Smith and the exchange-rate mechanism will keep Labour on the straight and narrow, making real differences impossible." But the ERM certainly narrows the options, as the current cabinet knows all too well. And the Tories' much trumpeted success in improving public finances compared with the rest of Europe has created more borrowing leeway for Labour.

There are "substantial" differences over the pattern of taxation, especially for the top 10 to 20 per cent of income earners, which may

pay the Tories electoral dividends. But the contrast in overall levels of direct and indirect tax under a Labour or a Tory government would, I guess, be much less stark than Mr Patten implies by his talk of a "central philosophical difference" and "a fault line which will run through the political debate".

A re-elected Major government would offer, Mr Patten admitted, in a manifesto preview, a continuation of "familiar themes". A commitment to holding down inflation, improving public services while cutting taxes, extending privatisation, introducing specific targets and methods of redress in the public sector, expanding home and share ownership, and encouraging savings can be presented as a distinctive package. But this is within the boundaries of the post-Thatcher consensus.

A Labour government might have many drawbacks, especially for those who did well in the Thatcher years, but the Tories are straining credibility in pretending it would be a disaster for the country, as they could more convincingly argue in 1983 and 1987. We are back to the position described by Balfour in 1927: "Our whole political machinery presupposes a people so fundamentally at one that they can safely afford to bicker; and so sure of their own moderation that they are not dangerously disturbed by the never-ending din of political conflict." At present we are in more danger of being bored than disturbed.

# Skiing's slippery slope

Over-crowding has destroyed a once solitary sport, declares Philip Howard

This is the week for the nomadic tribes of Europe to remove to the Alps and Pyrenees to find grazing for their herds of package-tour executive-style coaches, and to display their new *apres ski* plumage. Up there, where the air is cleaner and the sun shines out of a bright blue sky even in January, a man or woman is supposed to come closer to the heart of wild nature, and to collect a sustenance to make everybody in the office jealous. Winter has set in in broken-leg country, from St Moritz to Mirabelle, where a man must prove himself first on skis and then on a blood-wagon stretcher. There have been heavy early snowfalls to encourage the annual migration.

This promises to be a good winter for the sport of spending £2,000 on clothes and equipment and then travelling through sleet and snow in grave discomfort for a thousand miles in order to stand around in a sweaty underground nightclub getting drunk. Except that the mass-market popularity of the sport of sliding with planks tied to one's feet has now destroyed the original point of the exercise, such as it was. For each man kills the thing he loves, by each let this be heard: some do it with a downhill charge, some with a *schuss* that's slurred.

The smarter ski resorts are announcing that they are going to ration time on piste, in order to prevent the hordes of nouveaux St Antonios destroying the environment they come to enjoy. At St Anton in the Austrian Tyrol, one of the meccas where the daft idea of skiing as a sport was invented, they have beds for 8,000 skiers in the village-turned-suburb, but 14,000 people out there on the

slopes breaking legs — unfortunately not always their own. In future, casual skiers wanting to drop in are going to have to buy their skiing passes some days, or weeks, in advance, usually on the telephone by credit card, in order to be sure of finding room to ski.

It has now become easier to find solitude and commune with nature on the Northern Line than at Davos or Aspen, Colorado. In less than a century, skiing has been transformed from the last escapist frontier of white solitude and wild beauty into something almost as vulgar and nasty as the London marathon.

Skiing as a sport was invented by two Englishmen, Henry Lunn and his son Arnold. Henry was a Methodist missionary returned home from India, who invited churchmen of various denominations to a conference on Christian unity in Grindelwald. In the winter of 1902-3 he founded the Public Schools Alpine Sports Club in some of the little villages like Klosters that have since become slums congested with frightful people. He founded the travel agency which became famous, and opened up many of the skiing centres in Switzerland. Arnold Lunn invented the slalom and made many of the first and ski-aided ascents in the Alps.

Skiing was meant to be a test for urban gentlemen against nature, coming back, when night fell into the alpenglouw, to a log fire in a picturesque chalet and a picturesque mountain cheese supper such as *fondue* or *vaticlette*. Increased prosperity and mass tourism have destroyed this ideal. Skiing has become much like going up and down the escalator at Holborn Station in the rush-



Before the masses arrived: a railway poster for Chamonix, 1905

hour, and without the advertisements for entertainment. These days the only people who can ski in the way that God and the Lunnns intended are the seriously rich, who can hire a private helicopter to lift them up to the top of an unfashionable mountain, so that they can then slide down it. The same is happening to all the other old elitist sports and pastimes, as mass leisure and mass prosperity invade them. Only a generation ago Monte Carlo and the French Riviera were ideals of stylish luxury for the

English. They have now been overwhelmed and befuddled by mass tourism and high-rise and Wimpy-bar architecture.

The same thing has happened to Byron's Isles of Greece and most of the Mediterranean littoral apart from the wilder coastal villages of Turkey — and I am not too sure about them. If you want to climb Everest these days you need to book some years in advance, and there is more danger of being trampled to death by Japanese package tourists or catching dysentery from the debris of previous

expeditions than there is of falling off. The great mountains of Europe, from the Matterhorn to the Old Man of Hoy, are crumbling to death under the weight of pitons and daytrippers. Even to get into the smaller and more vulnerable National Trust properties, such as Sissinghurst, one has to book.

In our lemming rush for exclusive Gardens of Eden, we destroy the things we want to be part of. The Groucho telegram: "Please accept my resignation; I don't want to belong to any club that will accept me as a member" is no joke.

Economists have a name for this phenomenon of the interaction between money and the mass market and allegedly desirable activities such as skiing. They call such things positional goods. The term was first used by Professor Fred Hirsch in *Social Limits to Growth* in 1976. All this bit of jargon means is that many of the things that are valued in our society are hierarchical. As increasing numbers of those at the bottom of the pyramid attain these positional goods — skiing at Chamonix, a place at university, membership of a golf club — so the goods become less desirable for those who already have them. Positional goods are those to which access is a function of the individual's income relative to other people's.

So as Professor Hirsch put it: "If positional goods remain in fixed supply while material goods become more plentiful, the price of positional goods will rise, as consumers' relative intensity of demand for them increases in terms of material goods." Translating that for those now leaving for their annual fortnight of slipping and sliding, with hot and cold running shower girls book your turn on the ski-lift by credit card. In advance, and do not kid yourself that you are taking part in some sublime sport of kings.



...and moreover  
**ALAN COREN**

Concatenative, is the word for today's little farrago. Not a bad word at all, if what you wish to convey is the fortuitous linkage of disparate items: for example, Norma Major, boiled fishbones, Mossad, the Education Secretary and the absence of Japanese chairs. Not that you will find the word in your dictionary, it has been invented only recently, hardly more than 64 words ago, in fact: I did it by taking the verb concatenate, and joining -ive to it. Or, rather, glueing it to it. Joining is beyond me. Glueing is what I do.

Which brings me to Kenneth Clarke, not quite yet. First, we have the PM's missus to negotiate. She will not mind my calling her missus, because she has, as you know, a Teasmade, and I have a Teasmade, too, and we do not stand on ceremony, we Teasmade people. Not that there isn't a Teasmade Ceremony, though one unknown to Nippon, and no, we haven't got to Japanese chairs yet, these will be concatenated later; the Teasmade Ceremony consists of an alarm going off and a man crawling across his bedroom carpet and leaning on the chair bearing the Teasmade to pour the tea into the mugs provided, he hasn't been mugged enough to lean too heavily on the chair, in which event the ceremony comes to an end with the chair-leg giving way and the Teasmade falling to the floor, thereby bringing the man to yesterday morning, and boiled fishbones.

When I was 13, Mr Webster took us for woodwork. He also took us for the sort of boys who could do woodwork, which was a mistake, because though woodwork was an option, we did not choose it because we could do it, we chose it because the option was to sing, and if your voice is breaking there's a limit to how much humiliation you are prepared to take. There aren't too many parts for the supra-baritone.

The first woodwork lesson we had was how to make glue. We had to bring fishbones to school and put them into Mr Webster's glue-boiler, where they would simmer while we had subsequent lessons on how to make toast-racks. You make a toast-rack by sawing out vertical bits and glueing them into the grooves you have made in the horizontal bit. After that, Mr Webster shows you how to do a cap-peg. The cap-peg involves your first joint. It is a mortise-and-tenon. One fits into the other, and then you can hang your cap on it. Or rather you can glue the mortise the right size for the tenon: if you haven't, you saw the mortise off and glue the two bits together with the stuff from the fish-boiler in the hope that Mr Webster will not notice. Mr Webster always notices, because the bits come apart again. That was when my friend Colin suggested we transfer to the metalwork class. Colin couldn't do cap-pegs either, and besides he wanted to make a gun. Mr Davis did not show you

how to make guns, he showed you how to make toast-racks, but Colin reckoned that if you persevered you would learn enough about metal to make a gun in a free period when Mr Davis was taking football. Colin did persevere, and eventually made a gun. I didn't see him make it, because this was after Mr Davis had had me transferred to the singing class, but Colin's gun actually worked. We went to the allotments and fired 22 rounds pinned from the CCF range. Colin told me he had plans for a much bigger gun but I don't know if he ever made it, because his family moved soon after that, and I never saw him again. Maybe Mossad shot him.

So there I was yesterday, with a chair and its broken stretcher whose mortise had snapped off in the leg's tenon. The best way to repair it was to buy a piece of wood and cut a mortise, but all I had learned to do was glue and sing "Danny Boy", so I just glued the old stretcher back and read the paper while it dried, and the paper said that Kenneth Clarke had said that too many schools were teaching woodwork instead of digital electronics, how very different from Japan, and as I finished reading this, the stretcher fell off again. Mr Clarke is wrong. There is a big market for joinery. It is one of the few markets Japan has left us. It is not a matter of not teaching woodwork, it is a matter of teaching it properly. And by the way, be careful how you use concatenative. That suffix could easily fall off.

## Triple agents?

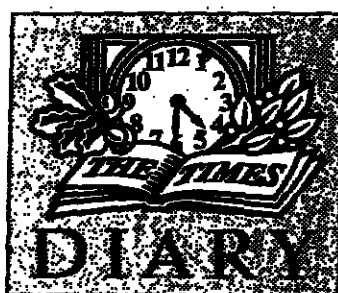
TIME WAS when it was the Bulgarians who sent agents to Britain to undermine Western democracy. Now the compliment has been returned. Three hand-picked crack British agents have just returned from the Bulgarian capital, where they were plotting the subversion of totalitarianism.

After helping Dr Filip Dimitrov's election as prime minister last autumn, the trio, Carol Howard, Oliver Colville and Chris Poole, all Conservative central office employees, have been back to organise what they hope will be a centre-right triumph in the second round of the presidential elections on Sunday. Within hours of setting foot in Sofia, the team had transformed the campaign. The Bulgarians had never heard of walkabouts, party political broadcasts or even election posters.

Such techniques went down well, but the idea of canvassing was more alien. "A knock on the door in the night is still associated with the secret police," says Poole, the Tories' deputy agent for south-east England. "Those who had not already fled out of the back door would peer nervously from behind the curtains."

The election team, used to touring the Tory shires in Land-Rovers was reduced to scotching around in a Lada, and ran the gauntlet of petrol shortages and power cuts. Yet they readily concede that the general election campaign they are about to fight in Britain will hardly match the enthusiasm for democracy they experienced in Sofia.

"Foolishly, I even agreed to address a public meeting," says Powell. "There were 100,000 people waiting to hear me in Sofia's main square. I have only ever spoken to



a few hundred party faithful at the women's institute before." Poole found an easy way of dealing with the crowd. "I said that the British Conservative party sent its best wishes which generated polite applause. When I added John Major's best wishes, there was loud cheering. When I mentioned Margaret Thatcher a riot nearly broke out."

Some conspiracy theorists fear that after pushing the EC to recognise Croatia, Germany has designs on the former Yugoslavian state. They may have a point. Our woman on the spot reports that "guen tan" has already become the accepted breakfast greeting in Zagreb hotels.

## Signs of silence

OPERA for the deaf came to the West End for the first time last night with a "signed" performance of the English National Opera's acclaimed production of Handel's *Xerxes*. Peter Llewellyn-Jones interpreted the work for 60 deaf members in the audience.

For David Pountney and Mark Elder, both about to depart after specialising over the years in taking opera to new audiences, this was a logical step: the deaf were virtually the only group they had not previously managed to en-

ter into the opera house. Happily, however, inability to hear the singers last night proved no obstacle to enjoyment of the operatic experience.

## Beastly

CURRENT best-seller at the Department of the Environment is a colour postcard of a bright-eyed and bushy-tailed fox. On the back are concerned words stressing the government's determination to protect wildlife: "Foxes are poisoned by pesticides".

Strangely, no mention is made of the threat to the fox posed by hunting, as those promoting the Commons' bill seeking to ban it next month have been swift to point out.

John Gummer, the agriculture minister, says: "Hunting is a means of keeping reasonable

control over pests while affording genuine sport for those who take part." At the DoE they are even more tally-ho. Michael Heseltine not only allows the Heythrop Hunt to ride over his land, he regularly presents the stirrup cup.

"It is ironic to say the least," says John Bryant, wildlife officer of the



League Against Cruel Sports. "But I am sure that foxes will be grateful that the government cares so much for their welfare — about as grateful as turkeys are to Bernard Matthews."

## Barber Institute

ON September 23, 1991, under the headline "Art for all" we reported that previous directors of the Barber Institute had actively pursued a policy of preventing members of the public and children from viewing its collection, causing "50 years of damage". The article was accompanied by a cartoon featuring the entrance to an art gallery with a sign indicating that ordinary members of the public were not permitted to enter. We have now established that our report was wrong. We regret the offence thus given to the professional reputations of Hamish Miles, director of the Barber Institute from 1970 to 1990, and of his predecessor, the late Professor Sir Ellis Waterhouse, director of the Barber Institute from 1952 to 1970. At the request of Hamish Miles, in lieu of libel damages, we have made a contribution to the National Art Collections Fund.

There may be considerable excitement in Britain at the return of Kenneth Branagh to the RSC, but Americans are less impressed with the golden boy of British acting. His new film, *Dead Again*, is currently showing at Manhattan's Festival Theatre. Although Branagh plays two roles and directed the film, his name fails to appear in lights outside the cinema. Instead, top billing is given to Robin Williams, star of *Dead Poets Society*, who makes the briefest of cameo appearances and is not even listed in the credits which roll at the film's end.





## SPRINGING THE NI TRAP

Is it too much to hope that all political parties might agree on the abolition of Britain's archaic national insurance payment system? It is an outdated tax, an income tax in all but name. Nobody believes in it. Every senior politician knows it should go, yet none has the guts to say so because abolition would involve higher nominal income tax. This is the true background to the latest dispute between the front benches over Labour's promise to make national insurance contributions more smoothly progressive — that is, even more like income tax.

Wrong-footed by its uncertainty over what it has really proposed, Labour is now in danger of watering down a policy that is at least half sensible. National insurance (NI) contributions are neither insurance nor contributions. They might have been when Beveridge proposed the system in 1942. But British citizens are now protected from destitution whether or not they have paid for the protection. And today's pensioners are living not on the money they contributed throughout their working life, but on the general taxes paid by others in work now.

The nonsense is compounded by unfairness. People earning over £390 a week pay no NI on their income above that threshold. So their marginal tax rate drops from 34 per cent (25 per cent tax plus 9 per cent NI) to 25 per cent until it encounters the higher band. In a system that is supposed to make better off people pay more than poor people, this is eccentric.

The less well-off are also penalised. As soon as people earn more than £52 a week, they have to pay NI on all their income, not just the excess over £52. As a result, someone earning £53 a week has a lower take-home pay than someone else earning £51.99. The national insurance system reinforces the income tax poverty trap and distorts the labour market. Because it brings so many low earners into what is actually the tax net, it is also administratively expensive.

Labour has pledged itself to deal with the inequity of the upper earnings limit, beyond which people pay no additional NI. If all earners paid an extra 9 per cent on income above £52 a week, NI would look more like the income tax it really is. Marginal tax rates

would thus be higher on high incomes, but that is a problem for fiscal policy to tackle.

Even Labour has failed to help those at the bottom of the scale. That is easily done. The NI threshold could be turned into an allowance, like the tax allowance. NI would then be charged only on income above that amount. This would shut the poverty trap door. If the NI allowance were set at the same level as that for income tax, the two imposts would in effect become one. This reform would cost much of the £3 billion brought in by lifting the ceiling. But it would do far more to help low earners than would Labour's promised rise in child benefit.

These reforms ought to appeal to the Treasury-trained John Major as well as to Labour. His predecessor, Nigel Lawson, admitted their logic in 1985 by removing the ceiling for employers' contributions and introducing lower bands for the lower paid. But an election was not imminent. Labour may or may not think that it can afford to alienate voters earning more than £390 a week. Yesterday's suggestion that it would "phase in" its changes shows electoral nerves.

Senior Conservatives are naturally chary of alienating upper income brackets. Though they privately agree on the absurdity of the upper earnings limit, they are unlikely to forswear what they fanatically believe is their most effective weapon in the policy election. Lower income taxes. Everybody knows that the "headline" rate of tax has been reduced from 33 per cent in 1979 to 25 per cent. Few appreciate that NI has risen in the same period from 6.5 per cent to 9 per cent.

To expect a truce in this argument this side of an election is clearly unrealistic — even from a prime minister who once pledged that politics would not stand in the way of economic common sense. Behind the scenes, responsible politicians should seriously ponder an agreed post-election reform to translate private into public consensus. An unfashionable route might be via a short, sharp enquiry to examine the merging of income tax and NI. Then politicians could argue on the real issue of fiscal equity, whether the better-off should be compensated by a reduction in the higher rate of income tax.

## A GOOD BET

Last spring's torrent of Budget advice to Norman Lamont contained the repeated suggestion of a state or national lottery. The government did not seem to need much persuading. But the Chancellor did not after all include the lottery proposal in his 1991 Budget. The idea was reserved for the forthcoming Tory election manifesto — until Ivan Lawrence, Conservative MP for Burton-on-Trent, conveniently came top of this year's ballot for backbench bills.

Hence the confidence with which Mr Lawrence will launch his bill in the Commons today. Without the tacit support of government no private member's bill stands much chance of success. If Mr Lawrence's reading includes Labour's arts policy document of last summer, *Our Cultural Future*, he will know that the Opposition too is almost committed to a national lottery, to play at the very least for the conservation of old buildings.

The traditional British distaste for gambling requires that the vice be mitigated by a good deed: that some of the proceeds should go to a worthy cause. Mr Lawrence is proposing a basic three-way split in the proceeds: one third to the Treasury, one third to prizes and running expenses and one third shared between sport, the arts and "heritage". Other charitable bodies may also get a smaller share, perhaps to make good any damage there may be to the small lotteries they are already allowed to run under the 1976 Lotteries Act.

As in the case of most pleasures, British prudery towards gambling runs concurrently with indulgence. A national lottery, it has been estimated, could raise between £2 and £3 billion a year. The Football Trust, which distributes to clubs about £40 million a year derived from football pools under

existing schemes, says this will be money switched from the pools and hence the sport will suffer. Mr Lawrence brandishes research to show that almost all of this will be new money. Pools punters say they will gamble more, rather than switch.

First, Parliament will have to overcome a proper reluctance to create a statutory monopoly: why not allow lotteries *ad libitum*, even *ad nauseam*, and let them fight it out? But this would contradict foreign experience. The national lotteries of Europe are grand affairs, the announcement of winners a national event which almost stops the traffic. Allow two such events, and there is a case for allowing ten, or a hundred. But what is being proposed is then no longer a "national lottery" as defined, but one more event to rank alongside pools, premium bonds, horserace betting and the Tote, even the small change of gambling like hospital draws and local raffles. Furthermore, after 1992 there will be nothing to stop the national lotteries of Europe invading British territory, which at the moment they can only do illegally.

The last state lottery was held in Britain in October 1826. The Times was then campaigning against all forms of gambling and remarked next day: "Yesterday terminated the Lotteries in this country: may we say for ever? We know not. Such a result will depend upon the wants of Government, and the morality of its Ministers. However, we rejoice at their suspension..." Since then, the principle that the bulk of public spending should come from compulsory taxes has been firmly accepted. That the gambling habit might be harnessed to community activities of a more marginal nature cannot be objectionable. Mr Lawrence has a good case in principle and should be allowed his bill.

## BARE CUPBOARDS OF RUSSIA

Russians not only have empty stomachs: their intellectual hunger is insatiable. Starved for 70 years of books that are uncensored by propaganda, of literature that reflects the truth of their own desperate condition and of culture untrammelled by communist clasp, they are at last revelling in the freedom to read, write and speak what they like. But their library shelves are bare, their literary store depleted and their access to the world's storehouse of knowledge barred by a shortage of money. This week sees the launch of an imaginative proposal to rebuild the country's intellectual infrastructure. Book Aid aims to send one million books in English to more than a hundred libraries and colleges throughout the former Soviet Union.

For the next week, people will be asked to scour their shelves for books that might bring enlightenment to Minsk and Pinsk, Archangel and Tashkent. Those in reasonable condition — no tatty paperbacks please — should be handed in to selected bookstores where they will be taken to a warehouse, bundled up in theft-proof packets and sent to Moscow for onward distribution. Already publishers have responded generously, and have dispatched 150,000 from their lists.

Although a few titles may be poor sellers that might otherwise have been pulped, most are expensive hardbacks, donated in large numbers. A glance at some of those sent — often in response to specific requests — indicates the range of needs. *Stabilising an Unstable Economy*, *Run your own Catering Business*, *Food for all the Family*, and *Primal Health Blueprint for Survival* are

among the severely practical "how to" books for a dislocated society. There are books on local government, gas-cooled reactors, political violence and computing. Many deal with subjects long taboo: Judaism, Trotsky, spiritualism and homosexuality, all now the stuff of daily debate. Others are best-sellers suppressed for political reasons, such as *Dracula*, spy novels and thrillers. Others again are children's books, English classics, and ordinary modern novels, mental sustenance that communism allowed in only small quantities.

Book Aid has asked for sensible contributions. *A Guide to Gourmet Eating or Fat is a Feminist Issue* are unlikely to appeal to today's babushka while she waits in the bread queue. Other titles might also seem inappropriate. Would Russians be caught dead reading *Soviet Communism: A New Civilisation* by Sidney and Beatrice Webb, or Bernard Shaw's *The Intelligent Woman's Guide to Socialism*? What would they make of Oscar Wilde's *Soul of Man under Socialism*? Well-intentioned donors should also probably avoid any title with "revolution" in it, even if it is only *Revolutionise Your Sex Life*. And please no 1960s guides to the better management of a planned economy.

Already 15,000 copies have been despatched of Lloyd's *Small Business Guide*. Demand is less sure for the *Almanac de Gotha*: a guide to the royal families of Europe. But what every Russian really needs by his bedside just now are two of history's greatest best-sellers: Dale Carnegie's *How to Win Friends and Influence People* and Samuel Smiles' *The Gospel of Self-Help*.

## New uses envisaged for 'surplus' and idle farmland

From Professor G. H. Peters

Sir, Mr Nicholas Woolley of the Royal Institution of Chartered Surveyors (letter, January 13) reiterates what is now becoming a standard view: namely that "millions of acres" of farmland may soon become "surplus" — the equivalent of an agricultural Ravenscraig, with land standing visibly idle.

Simultaneously, since Mr Woolley also rules out lower intensity as a solution on the ground that agriculture must remain "efficient", some farmers would be striving to maintain their output levels as a means of competing in increasingly liberalised markets. Though I agree with both Mr Woolley and Mr Major (report, January 7) that our protective attitude to every acre of farmland is wrong, the basic premises of Mr Woolley's argument must be questioned.

The underlying economic theory is very clear. Falling farm prices induce a shrinkage in the intensive and extensive margins of cultivation, and land values (rents and capital values) decline as part of that process.

Farmers who attempt to maintain intensity, using high-cost systems in order to do so, will lose money: their "technical" efficiency (output per acre) will conflict with "economic" efficiency. Individual income can only be maintained by an increase in farm size (with less intensity) and by gradual reallocation of land between farmers; with, of course, a reduction in the number of farms.

That is the inevitable result of adjustment to a regime of lower farm-gate prices. It amounts to the redundancy of people, farmers or workers, and of other inputs (land of the capital and labour used in their manufacture). I need hardly dwell on the social consequences.

Whether land becomes "surplus" is a rather more complex question. The impact in areas of high land quality will probably be gradual, and frequently less than obvious: it will simply be absorbed into other farms, at lower intensity, or slip into other uses. The poorer the inherent quality the greater will be the chance of land dropping out of farming use.

These changes, in themselves, will not require "planning" in any heavily interventionist sense; they will occur within the context of normal price signals. There is no need to launch a desperate search for "positive uses for surplus farmland". Yours faithfully, G. H. PETERS, International Development Centre, Queen Elizabeth House, 21 St Giles, Oxford.

## Sinking the Belgrano

From Mr F. J. Weddell

Sir, At the time of the Falklands conflict I was working in the Admiralty Scientific Service where, for six years, I had studied the vulnerability of HM ships to the effects of enemy action with the requirement to propose ways in which their survival would be enhanced.

On day 1 of the conflict I was asked by my divisional director to assess the vulnerability of the Argentine fleet. There were only 15 ships to consider and they were a motley collection. The two latest, both Type 42s, were not yet commissioned, there were 11 small vessels, the aircraft carrier 25 de Mayo and the old Argentine battleship, the Belgrano (letters, January 6, 9, 10).

On day 2 my assessment was on the desk of my boss. The Belgrano was clearly a very potent threat despite its age and being a remnant from an earlier epoch of sea-warfare. By reason of its armour of several inches of steel around the visible hull, the deck and the gun turrets, it was impervious to any of the British surface or aerial conventional weapons.

## Art on the Tube

From the Managing Director, London Transport Advertising

Sir, Richard Morrison, in his preview of the report by the Gulbenkian Foundation (UK) on art and public transport ("Just the ticket for a brighter way to travel", January 8), rightly draws attention to the contribution made by Frank Pick to art on the London Underground during the 1930s.

The freelance artists whose poster work was commissioned by Pick produced a vibrant blend of art and bold visual communication. Indeed, the designs of men such as Abram Games and Man Ray have become hallmarks of 20th-century graphics.

Today the principle remains the same: to increase revenue for a public service the majority of posters on the Underground are used to carry commercial advertising. Yet to draw attention to the juxtaposition of art and environment on this transport system implies a modern-day dichotomy between what is considered art and what is commercial communication.

In Games's heyday, between the 1930s and the 1960s, the two were inseparable. While there are currently some advertising agencies producing creative work for poster advertising which blurs the distinction between the two in its artistry whilst never sacrificing the primary concerns of brand and product communication, there are many others who could follow their lead.

The Times, by reproducing articles from its own columns in poster form, has shown that fine work in one medium translates well to another. Posters both inform and entertain, proving that aesthetics need never be sacrificed for commercial gain. Indeed, the lesson of Pick's era is that the one enhances the other.

Yours faithfully, ROGER FERNLEY, Managing Director, London Transport Advertising, 10 Jamestown Road, NW1.

## Unbending bishops

From Mr Michael Reilly

Sir, Your leader ("Unbending bishops", January 6) might have mentioned unbending priests and deacons. It is encouraging to be told that mobile urban members of the Church of England can travel to worship in the liturgy of their choice. Unfortunately, immobile rural Anglicans, who happen to be elderly too, have not the same opportunities to enjoy the comfort and tranquillity of the traditional ritual to which they have been accustomed since they were christened 70 or more years ago.

## LETTERS TO THE EDITOR

1 Pennington Street, London E1 9XN Telephone 071-782 5008

From Sir David Goodall

Sir, For the past two decades, while population growth has been falling, agriculture has benefited from enormous subsidies. Farmland has been heavily protected by legislation and the political emphases have been on the protection of the environment and the regeneration of the inner cities. Thousands of acres of countryside have been eaten up — not by the establishment of new villages, with all the care for amenities and appearance that that implies, but by urban sprawl of the most repetitive, and often shoddiest, kind.

If all this has taken place at a time when local authorities were supposed, with the encouragement of the government, to be making it difficult to exploit the countryside for development, what can we expect now that the prime minister is publicly questioning the need to give farmland such protection as it has enjoyed up to now?

The fact is that building developers have their own imperatives. In all too many cases these do not appear to include the need to ensure either that the work is environmentally harmonious or that it is carried out "to the very highest standards" — naturally enough, since both these considerations significantly diminish the profits to be made.

When Mr Woolley advocates less stringent controls on the development of farmland, what measures does he (or the prime minister) have in mind for ensuring that the work is less green or local authorities more effective in enforcing high standards than experience has shown them to be up to now?

Yours faithfully, DAVID GOODALL, Greystones, Ampleforth, York, January 14.

From Sir Thomas Bazley

Sir, In what sense does Mr Woolley regard conventional farming methods as becoming "more and more efficient"? In output per man they are very efficient; in output per acre, not necessarily more so than organic methods, if only as to price and value of the produce.

As for energy use, conventional farming is very inefficient compared with good organic practices.

Yours faithfully, T. S. BAZLEY, Eastleach Downs Farm, Eastleach Turville, Cirencester, Gloucestershire, January 13.

Its guns outranged those of the Royal Navy and that of Exocet. (Exocet, it must be remembered, makes small holes well above the waterline and relies on a degree of luck to cause serious damage once inside. The one that struck HMS Sheffield was merely lucky.)

The Belgrano had no sophisticated weapons that relied on radar control, which is highly vulnerable to enemy action. Each gun turret would have to be put out of action individually, somehow, but the means were not available.

So it was that on day 2 my assessment stated that the Belgrano was almost invulnerable and that the only way to deal with it, should it be considered necessary, was by firing a torpedo.

I sometimes wonder whether General Galtieri ever realised fully the potential for damage he controlled but fortunately someone on our side did and gave the order to strike. The Achilles heel of the Belgrano was its under-water hull.

Yours faithfully, F. J. WEDDELL, Ulysses, 25 Southampton Hill, Titchfield, Hampshire, January 14.

omy between what is considered art and what is commercial communication. In Games's heyday, between the 1930s and the 1960s, the two were inseparable.

While there are currently some advertising agencies producing creative work for poster advertising which blurs the distinction between the two in its artistry whilst never sacrificing the primary concerns of brand and product communication, there are many others who could follow their lead.

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Yours faithfully, ROGER FERNLEY, Managing Director, London Transport Advertising, 10 Jamestown Road, NW1.

Both the message and the beautiful English in which the gospel was expressed are now considered to be incomprehensible: no one need try to understand them, any more than a would-be mathematician now has to understand calculus — all that is necessary is to "comprehend" the idea.

Where can an old-fashioned Anglican go now, if the Leader of the Local Team Ministry (so styled) provides uncongenial surroundings? We feel excommunicated.

Yours sincerely, MICHAEL REILLY, Magnolia Cottage, Harrowbeer Lane, Yelverton, Devon.

From Mr J. P. Brown

Sir, The prime minister's rhetorical question, "Do we really need to offer as much protection to farmland now that we have surpluses?" needs to be extended. He might perhaps have added "... in some crops at present, thanks largely to imported raw materials, bearing in mind our chronic balance-of-payments deficit and increasing world-wide malnutrition, starvation and political unrest?"

Mr Woolley, who commends the prime minister's view, is an official of a professional body whose members stand to benefit if that view is accepted. The general good urgently requires the frustration of the prime minister's intention.

Yours truly, J. P. BROWN, Bryn Castell, Ceutron, Llangollen, Clwyd, January 13.

From Mrs W. T. Barton

Sir, How they scurry, the make-a-fast-buck merchants, to get their hands on our allegedly redundant farmland. John Major's short-sighted reference to food surpluses at the Oxford farming conference must surely be questioned. Like booms or busts, they are hardly likely to last for ever; and as for land, that is the least likely surplus of all in a small country like ours.

Let us test the altruism of those so keen to provide homes, jobs, affordable transport and other services they say are so badly needed in rural areas.

There are thousands of acres of once derelict, now reclaimed land in the former industrial valleys of South Wales whose need for jobs, better roads, attractive houses are every bit as pressing as those of country people or those who have moved to the country.

Such spare but unproductive land is to be found all over Britain, offering a real opportunity to those who would like virgin space to build new villages. Such enterprises would no doubt attract fresh industry and economic vigour, leaving our farmland to lie fallow in times of surplus, to be reactivated in times of shortage and not to be sacrificed for the advantage of the few.

Yours faithfully, W. T. BARTON, Kilburnie, Dolphin Street, Port Isaac, Cornwall, January 13.

## Railway blunder

From Mr P. J. Inson

Sir, Your report (January 3) about the difficulties of running trains across Europe speaks of an "empty vision in practical terms". There is a reminder of a similar, if smaller-scale blunder on your doorstep.

The Docklands Light Railway was launched and has been promoted as an example of up-to-date planning and technology: it was realised that this was not so when its extension to the Bank was planned and it was realised that it could not be linked to British Rail and London Transport to allow through running to Waterloo and the West End.

Not only does the DLR have a power supply of a different voltage from LT's and BR's, but its mechanism for collecting current is incompatible. DLR's vehicles are too tall to run in LT tunnels and LT trains cannot negotiate the sharp curves on the DLR.

Until the comparatively recent demise of the night ferry service from London to Paris and Brussels, British Rail's passenger vehicles, provided with dual heating and braking systems, constituted a physical link between the British railway system and that of mainland Europe. Why is it that we dangle ourselves with technology and thus blind ourselves to the wider planning view?

Yours sincerely, P. J. INSON, The Spinney, Willey Lane, Cockerham, Lancaster.

## Car tax proposal

From Mr Aidan Harrison

Sir, There can be no doubt that high levels of purchase tax, followed by the special car tax, contributed to the disappearance of Austin, Alvis, Armstrong Siddeley, Hillman, Humber, Morris, Riley, Standard, Triumph, Wolseley and others.

Our remaining indigenous manufacturers, such as Aston Martin, Jaguar and Lotus are now controlled by American companies while there is much speculation about the future ownership of Rolls-Royce.

It is surely ironic that the Chancellor should have waited until our native motor industry has been virtually destroyed before considering the removal of this punitive tax (report, January 8). By waiting until now, it will only benefit Japanese manufacturers which produce cars in the United Kingdom.

Yours faithfully, AIDAN HARRISON, Morrellthirst, Netherwitton, Morpeth, Northumberland, January 8.

Letters to the editor should carry a daytime telephone number. They may be sent to a fax number — (071) 782 5046.

## Doctor tells of Burma's suffering

From Dr Martin Panter

Sir, I today returned from the free Karen state situated along the Thai-Burmese border, having taken in a team of medical specialists from the UK at the request of the Karen authorities. We have been going in to give medical help on a voluntary basis two or three times a year since 1987.

During our stay we met and had lengthy discussions with a prominent Burmese physician, who fled last month from Rangoon with his wife and three children — all at great risk — to the Karen headquarters at Manerplere.

This doctor related to us some of the prevailing conditions in Burma that prompted him to risk life and liberty for him and his family by fleeing: routine arrest, imprisonment, torture and death on the least suspicion, police informers in virtually every community, closure of schools and universities, and mass arbitrary and involuntary repatriation of residents from urban to inhospitable rural areas, resulting in widespread starvation and death.

Furthermore he related how one of his friends lived close to the house where Aung San Suu Kyi is being held under house arrest. He told us that as a devout Buddhist she prays without fail in the courtyard of the house every morning. However there has been no sighting of Aung San since early November, nor any lights or signs of movement in the house.

The world has a legitimate concern in the fate of this woman, who last year was awarded the Nobel Peace Prize. The Burmese authorities should end the uncertainty and, if she is still alive, make a statement about her whereabouts.

Yours faithfully, MARTIN E. H. PANTER, The Barnhouse, Smithcott, Culmpton, Devon, January 13.

## TV sex scenes

From Mr Robert W. Dray

Sir, As a person who counsels several women who have been victims of incest/child abuse, I was appalled at the sudden, vivid presentation of the rape of a young girl within seconds of the start of Melvyn Bragg's BBC1 drama adaptation of his book, *A Time to Dance*, last Sunday evening.

The short verbal warning given at the beginning in no way prepared even the most well-balanced person for the visual images that were immediately thrust upon us and again at the end of the programme. It will have even more disturbed the many thousands of women in our society who have received such treatment in their early lives. A part of therapy for such persons does indeed encourage the recovery of memories and emotions, but only in a safe, secure, prepared way.

It was no coincidence that I had several telephone calls while the episode was being shown. Do the producers of such drama, excellent in itself, have no sense of responsibility to viewers?

Yours sincerely, R. W. DRAY, 13 Holmesdale Gardens, Hastings, East Sussex, January 13.

From Mr John Gibbons

Sir, Surely television's primary function is to entertain, but also to instruct and to teach. As a civilised, Christian nation do we really believe that the explicit portrayal of rape comes within any of these categories, and how can we accept the BBC's assessment of Mr Bragg's work as "a serious piece of drama" (report, January 14)?

Yours sincerely, JOHN GIBBONS, Pen-y-Caeau, Garmadryn, Powelli, Gwynedd.

From Mrs Lucy Harrison

Sir, My family also consults the *Radio Times* to choose what we hope will be suitable viewing (Mrs Molly Harrison's letter, January 14). The entry for BBC1 at 9.05 last Sunday evening read: "New: *A Time to Dance*. Melvyn Bragg's three-part adaptation of his own best-selling romantic tale of obsession and jealousy in a small Cumbrian town..."

Yours etc, LUCY HARRISON, 6 Blenheim Close, Winchmore Hill, N21, January 15.

## If he believes that...

From Mr Andrew Clark

Sir, If Mr Ivan Lawrence, MP, believes that 30 million people, virtually the whole adult population of the UK, will buy national lottery tickets (report, January 14) I have no evidence to the contrary.

That he understands that his projected revenue requires that each participant contributes, on average, £100 per annum, I am sure. That this will lead to an improvement in the health of the nation, due to an increase in interest in the arts and a diversion from more harmful pursuits by "young people" ... well, probably.

Yours faithfully, ANDREW CLARK, 224 Long Lane, N3, January 14.















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**.00 Channel 4 Daily** (5534104)  
**.25 Schools** (1728730)  
**.00 The Parliament Programme** presented by Sarah Baxter. Sir Robin Day interviews Roy Jenkins (32009)  
**.30 Business Daily** The latest market moves and analysis (72104)  
**.00 Sesame Street** Pre-school learning series. The guests are Rhea Perlman; and Elia Underwood (77558)  
**.00 Planet Roversen** (1337, b/w). Screwball comedy starring Enrol Flynn as an innocent young man instructed in the ways of the world by the glamorous Joan Blondell. Directed by Michael Curtiz (378123)  
**.55 Magoo's Cruise**. Cartoon in which the myopic hero is mistaken for a secret agent by the crew of an enemy submarine (4785524)  
**.00 Travelog** Patrick Barlow and his sons sample Provence (v) (582)  
**.30 Countdown** Words and numbers game hosted by Richard Whitley (746)  
**.00 The Falklands War**. The first of a four-part series examining the reasons behind the conflict (r) (Teletext) (3630)  
**.00 Roseanne** Wise-cracking blue collar comedy starring Roseanne Barr (51)  
**.30 Tonight with Jonathan Ross**. The guests are novelist Kathy Lette talking about her latest book *The Lame Parous*, and a pair of transsexuals plus music from Andrew Strong, one of the stars of *The Commitments* (281)  
**.00 Channel 4 News** with Jon Snow and Zeinab Badawi. (Teletext) (33091)  
**.00 First Reaction** (350543)  
**.00 Brookside** Soap set in suburban Merseyside (4457)  
**.00 Outboard** World sports news sports quiz. This week the News of the World special desk takes on their counterparts on *Today* (9814)  
**.00 Cheers** Award-winning American comedy about the staff and customers of a Boston bar. (Teletext) (s) (5727)  
**.30 How Does Your Garden Grow?** Philip Wood and David Wilson discover how seven and a half acres of desolate Downpatrick quarry was transformed into a beautiful garden by Raymond and Veronica Magill. (Teletext) (62340)  
**.00 Dream On** Adult American comedy starring Brian Benben as a middle-aged man learning how to be a bachelor again after he and his wife split (33727)  
**.30 The Very Bits of Absolutely** Highlights from the series of comedy sketches (53694)  
**.05 The Word** Music, film news and showbiz gossip. The guests include Paul Heston from *Beautiful South* and athlete Roger Black. Plus an interview with actor Dolph Lundgren and Kelly McGillis revealing her tattoo on the beach in Florida (s) (487611)



**Frank N. Furter unveils his creation: Tim Curry, centre (12.05am)**

**0.05am Film: The Rocky Horror Picture Show (1975)** starring Tim Curry. The season of rock and pop movies continues with this cult spoof of science fiction, horror and rock 'n' roll movies. Directed by **50 Tonight with Jonathan Ross** (r) (s) (42685925). Ends at **2.20**

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● YOUR OWN BUSINESS 26  
● MOTORING 27  
● SPORT 28-32

## TODAY IN BUSINESS

### PAY PLEA

Jürgen Möllemann has called for German pay settlements no higher than inflation. But have German unions been made to carry the costs of unification?  
Page 23

### US INFLATION

American inflation fell to 3.1 per cent during 1991 but there is little other evidence in favour of further cuts in interest rates  
Page 20

### TRADE ROWS

Fresh rows have broken out over Arthur Dunkel's Gatt talks. Germany is criticising the EC, the French are blaming Gatt.  
Page 21

### TOMORROW

### PROFILE

Ernest Saunders, former Guinness chief executive, walked out of Ford Open Prison last June. He is neither a quivering wreck nor unduly bitter

### PENSIONS

All workers could have to contribute more to pension funds just to meet basic state pensions to the growing number of elderly

### THE POUND

FT 30 share 1958.3 (+17.7)  
FT-SE 100 2541.6 (+4.5)  
New York Dow Jones 3237.70 (-20.80)  
Tokyo Nikkei Avge 21612.19 (-162.94)

### STOCK MARKET

US dollar 1.7575 (+0.0045)  
German mark 2.8507 (+0.0012)  
Exchange index 90.0 (+0.1)  
Bank of England official base rate (4.0%)

### INTEREST RATES

London: Bank Base, 10.25%  
3-month interbank 10 1/2%  
3-month eligible bills 10 1/2-10 3/4%  
US Prime Rate 6 1/4%  
Federal Funds 3 1/4%  
3-month Treasury Bills 3.81-3.79%  
30-year bonds 10 1/2-10 1/4%

### CURRENCIES

London: New York  
£ \$1 7550  
£ DM 2.9487  
£ Sfr 2.5321  
£ FF 16.7176  
£ Yen 225.76  
£ ECU 16.7123  
£ ECU 1.36193  
London: Frankfurt  
AM \$354.80 pm \$356.75  
close \$356.60-357.10 (202.90)  
New York: Comex \$25.45-358.95

### GOLD

London: 354.80 pm 356.75  
close 356.60-357.10 (202.90)  
New York: Comex \$25.45-358.95

### NORTH SEA OIL

Brent (Feb) \$18.40 bbl (\$18.35)

### RETAIL PRICES

RPI: 135.6 November (1987=100)  
\* Denotes midday trading price

## Boost as UK car output falls 4%

# Nissan to invest further £200m in British plant

BY KEVIN EASON, MOTORING CORRESPONDENT

NISSAN has unveiled a £200-million surge of investment at its car plant at Washington, Tyne & Wear, which will double production and could make the Japanese company Britain's third largest motor manufacturer, after Ford and Rover.

The move will enable the plant to hire 600 more workers this year as Nissan moves towards producing a second model range to add to the Primera mid-range saloons and hatchbacks.

News of the investment came as a boost yesterday as statistics continued to underline the scale of the slump in the British motor industry.

The Society of Motor Manufacturers and Traders said production of cars from British factories fell by 4.33 per cent to 1,236,922 last year, the lowest since 1988.

The figures sparked an immediate reaction from opposition MPs. Doug Henderson, Labour's trade

spokesman, said: "This is depressing news and more jobs must now be at risk. If the government is not convinced by these figures that action is needed to boost our car industry, then it will be clear they can never be convinced."

However, the gloomy headline production figures masked a revolution in export sales. Exports were up 49.2 per cent to 605,425, helping to keep factories running as sales in the domestic market slumped more than 20 per cent. The overseas performance will help cut the trade deficit in motor products from £6.5 billion in 1989 to £1.5 billion last year, Sir Hal Miller, the SMMT's chief executive, said.

Part of that huge improvement comes from Nissan, which made 124,000 cars last year, with 90 per cent for export, worth £680 million to Britain's balance of trade.

Ian Gibson, Nissan Motor Manufacturing's UK managing

director, said that the new investment plans would allow capacity at Washington to be increased to 300,000 cars annually. That would put Nissan in front of Vauxhall.

The scale of the Japanese investment is underlined by forecasts predicting that UK car output could increase to 2 million by the end of the decade. However, almost all of that growth will come from Japanese plants in Britain.

Toyota is due to start production from its £750 million plant at Burnaston, Derbyshire, before the end of the year with output rising to 200,000 cars annually. Honda is also investing £100 million on production facilities at Swindon, Wiltshire, to make 100,000 cars a year.

Nissan has proved how quickly the Japanese can expand. Having already announced a drive to find 1,000 workers in September, the decision to push output to 140,000 cars this year and to 270,000 by 1993 has forced the company to seek another 600 recruits. The workforce will rise to 4,600.

The expansion comes from the decision to spend £150 million adding a new small car, replacing the Micra in Britain, to the Primera made at Washington.

Yutaka Kume, Nissan's president, will announce today a further £50 million investment in the Nissan Yamato Engineering subsidiary, also at Washington, which supplies the car plant with body pressings.

There will also be a substantial spin-off for Britain's industrial infrastructure. Spending on components from 195 European suppliers, most based in Britain, will rise to £850 million next year - double 1991 spending.

Nissan started making cars in 1986 in the northeast of England, a decision decided at the time because the region had no experience in the motor industry. However, productivity at Washington is the highest in the European industry, according to a study by the analysts Nikko Europe. Output per employee at Washington will be 75 cars this year, compared with 39 per employee per year at Nissan in Japan, while Vauxhall in Britain achieved 24, Peugeot 14, Rover 14 and Ford in Britain just eight.



Backdrop of drama: Don McCrickard and Sir Nicholas Goodison of TSB

## Southeast suffers as jobless figures reach four-year high

BY COLIN NARBROUGH, ECONOMICS CORRESPONDENT

THE Conservative heartlands of the Southeast suffered the worst rise in unemployment last month as the number of jobless climbed to 2,546,000, the highest for four years, according to the latest government figures.

The data offered little comfort for Norman Lamont, the Chancellor, on either unemployment or earnings. They suggested that economic activity remained depressed, while stubborn inflationary pressure persisted on the earnings front despite the recession.

The provisional increase in the number of jobless, after allowance for seasonal factors, was 31,100, down from the revised 40,800 rise in November. With the underlying uptrend estimated at about 30,000 a month, City forecasters believe John Major will have to go the country with unemployment climbing to between 2.75 million and 3 million.

An October increase of only 16,900 had aroused hopes of an imminent end to rising unemployment. The December increase edged the unemployment rate up to 9 per cent from 8.8 per cent. The unadjusted increase in December was 79,932, giving a jobless total of 2,551,727.

Michael Howard, the employment secretary, underlined that the increase in unemployment in the latest three months was just over half that of the previous three.

He also noted that job vacancies rose by a seasonally adjusted 14,000 in December, the biggest monthly increase since 1980. City economists thought that the data

was suspect. The unadjusted figures showed a substantial fall.

The fastest increases in unemployment occurred in the Southeast, the Southwest and the East Midlands. Ian Shepherdson, economist at Midland Montagu, said the rise was "horribly concentrated" in the Southeast, which registered about half the overall increase.

The nation's jobless queues grew by about 700,000 last year. Since unemployment started rising again in March

1990, the increase has exceeded 900,000.

Average earnings figures for November showed the underlying annual rise stuck at 7.5 per cent for the whole economy. This disappointed forecasters, who had expected lower pay settlements to translate into slower earnings growth. Robert Lind, economist at UBS Phillips & Drew, was concerned that earnings growth in manufacturing was unchanged at 8 per cent, in spite of a continued decline in the sector.

## TSB pegs payout despite losses of £47m

BY NEIL BENNETT  
BANKING CORRESPONDENT

RECORD bad debt provisions of £654 million sent the TSB Group plunging to a pre-tax loss of £47 million in the year to end-October.

Sir Nicholas Goodison, the chairman, said losses on bank loans were the worst in living memory, and that radical changes had been made at Hill Samuel, the merchant banking subsidiary which was the cause of all the losses.

Despite the losses, the bank has held its final dividend at 3.25p to make 6.4p for the year. The City was relieved that the losses were no worse than forecast, and the shares rose 9p to 129p.

Hill Samuel crashed to a loss of £419 million, the worst in British merchant banking history. The losses were caused by bad debt provisions of £432 million on the bank's £4.8 billion loan book.

The largest bad debt provision, thought to be almost £80 million, was made against Brent Walker, the struggling leisure group. But 59 per cent of the provisions came from the property and construction sector, where Hill Samuel was previously a key lender.

Don McCrickard, the group chief executive, said recovery at Hill Samuel would be slow, due to the size of its non-performing loan portfolio. "We will have to be patient about growth," he said. The loss masked a strong performance at TSB retail bank, where profits grew 17 per cent to £413 million. Some of the worst bad debts came from Mortgage Express, the bank's direct mortgage lender.

Sir Nicholas also announced the appointment of John Burns as TSB's financial director. He comes from National Westminster Bank where he was also finance director. TSB said the appointment was the result of an executive search.

NatWest has appointed a financial director from the drinks industry, Richard Goeltz, who was chief financial officer at Seagrams. NatWest refused to give a reason for Mr Burns's move to a smaller bank but said it wished him well.

## MGN claims £50m loan vanished

BY OUR BANKING CORRESPONDENT

A £50 million loan to Mirror Group Newspapers vanished after being transferred to New York, the company revealed in the Court of Appeal in London yesterday.

Charles Falconer, QC, representing MGN, said that a £50 million loan to the company has not been traced since October 21, when it was transferred to an account at Chase Manhattan in New York in the name of Maxwell Communication Inc.

The money forms part of the £170 million withdrawn from MGN by Robert Maxwell in the weeks before he died.

MGN, chaired by Ernest Burroughs, is suing Kevin and Ian Maxwell and their late father's estate for the return of £170 million it alleges was taken from the company.

CIA management buyout has been announced at QED, in Cheltenham, Gloucestershire, the specialist software subsidiary of Maxwell Communication Corporation. Charles Croker, the managing director, said he was negotiating with Price Waterhouse, MCC's administrators about an MBO.



Burroughs: suing

Magazine published, page 1

## Milford Dock directors criticised

BY GRAHAM SEARJEANT  
FINANCIAL EDITOR

THE losses and fast-changing boardroom of Milford Docks made one of the less savoury stock market sagas of the Eighties. Most of the principals concerned have been criticised by DTI inspectors, who reported yesterday after a two-year investigation.

Criticism of a string of directors from 1984 to 1987, when Milford was bought for about £600,000 by Seacon Holdings, range from mismanagement to breach of fiduciary duty as directors.

Advisers, including two Welsh partners of Coopers Deloitte, do not escape the net. Nor does Standard Chartered Bank, the profligate lending policies of which in earlier days financed Milford's losses.

The DTI inspectors were Robert Owen QC and Paul Powell, a chartered accountant. They dismiss local rumours of misuse of public money, which might have been one of the triggers for their appointment. Coopers Deloitte yesterday rejected criticisms of Hywel Jones and Stephen Harrison, still partners in the firm. The report records the honourable battles waged by the two over Milford's accounts. The inspectors say, however, that after Standard Chartered called for an independent report, Mr Jones and Mr Harrison "appear to have disregarded" the guidelines of the Institute of Chartered Accountants on professional independence.

Michael Davies, who was chief executive and a member of a consortium that took charge of the company from 1984 to 1986, is accused of "mismanagement", of "attempts, largely misconceived, to acquire other businesses" and of "unrealistic optimism". The inspectors admit, however, "There is no doubt that he applied himself assiduously to the task."

The entire board of that time, which included Lord Parry as chairman and the Marquess of Milford Haven, must, the inspectors say, "share full responsibility" for the mismanagement. Directors' motives are, not on the whole

impugned, although the inspectors argue that Mr Davies "knowingly acted in contravention of Stock Exchange rules" in trying to avoid issuing a class one circular on one ill-fated acquisition.

The next would-be saviours, Terrence Francis and two other then directors of BJ Group, who bought a large stake and joined the board, fare worse. "We consider that, in their unsuccessful attempt to gain control of MDC, Mr Francis and his fellow BJ directors acted in breach of their fiduciary duty as directors of MDC."

At the end of 1986, Roger Shashoua, an American, led another boardroom invasion and tried to gain control by taking over Standard Chartered's ill-advised loans at a discount. "In doing so, he took advantage of his position as a director and was in our view in breach of his fiduciary duty to MDC."

In 1989, Milford Docks was sold to Milford Haven Port Authority for £5.7 million, about twice its long-disputed balance sheet value, though that was little consolation to small shareholders.

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## Stanley suffers a heavy charge

By Gillian Bowditch

STANLEY Leisure, the casino and snooker halls group, had to take a £1.67 million extraordinary charge in its half-year results under new accounting rules introduced in December.

The charge came because the group sold its printing business at a profit of £347,000 over book value. To comply with statement UITF3 of the new rules brought in on December 19, goodwill previously written off on acquisition in 1988 has been recharged through the profit and loss account, resulting in the below the line charge.

The group made pre-tax profits of £3.73 million in the six months to October 27 compared with £3.5 million last time. Turnover rose from £96.8 million to £100 million and earnings per share were 7.28p, compared with 6.75p previously. The interim dividend is 1.9p, up from 1.8p last time.

Leonard Steinberg, chairman, said turnover in the racing division had improved slightly. Since the half year the group has acquired 25 betting shops.

The casino division improved modestly after a poor first half last year. Margins increased slightly and, while the spend per head has not returned to the levels last seen in 1989-90, there has been an improvement on last year.

The snooker clubs continue to perform less than satisfactorily, but Mr Steinberg said they are now in the best part of their trading year. "With exercise of strict overhead control, we hope to be in a better position to meet any improvement in trading conditions," he said.

"Current trading is not easy with turnover in both major divisions being only marginally in advance of the same period last year. All that we can hope for is a speedy economic recovery," Mr Steinberg said. Stanley Leisure's shares fell 3p to 198p.

## Blacks Leisure acquires Quasersport for £1.9m

By Gillian Bowditch

BLACKS Leisure, the fashion retailer and sports wholesaler, is buying Quasersport, a subsidiary of Warwick Sport & Leisure, for £1.9 million. Blacks is issuing 1.88 million new shares to pay for the acquisition.

Quasersport is a new company which recently bought the trading assets of Bright Task, previously the owner of the Quaser brand. The company designs, sources, markets and distributes the Quaser range of sports footwear and accessories.

The principal products are football boots, black training shoes, rugby boots, shin pads and accessories. The products are sold through a range of sports retail outlets and mail order houses in the United Kingdom.

The brand is endorsed by Gary Lineker, the England and Tottenham Hotspur footballer, and the agreement is due for renewal on August 1 1993.

Bright Task made an operating loss of £361,000 for the year to end March 1991 on sales of £3 million. For the eight months since then, the unaudited accounts show a

profit of £112,000 on sales of £3.3 million. The business has assets of £952,000, £825,000 of which are in the form of licenses and trade marks.

The new shares being issued by Blacks to pay for the acquisition are being placed at 103p on behalf of Bright Task by Charterhouse, the merchant bank which is advising Blacks. Two shares are being retained by Simon Gidney, a director of Bright Task.

Blacks' directors believe the new range will complement its existing ranges such as Filia, O'Neill and Yamaha sports equipment. The directors believe they can improve the financial position of Quaser in the short term by switching to overseas sourcing and by the integration of Quasersport's operation into Blacks' existing administration and distribution centre in Tyne & Wear.

As far as current trading is concerned, Blacks says the economic climate remains depressed but the group's winter trading is proceeding satisfactorily and, while the board remains cautious, a satisfactory performance for the full year is expected. Blacks' shares fell 4p to 105p.



Quaser man: Gary Lineker endorses the range

## Kohl seeks orders for eastern factories

FROM REUTER IN BERLIN

CHANCELLOR Helmut Kohl has urged west German industry to do more business in the east of the country because former communist factories needed better order books to make the switch to capitalism.

Herr Kohl, at a ceremony in Berlin to honour the assassinated former head of the Treuhand agency, responsible for privatising east German industry, said about DM50 billion of public funds was earmarked to help eastern firms this year.

"Sustained support from the west German economy is needed," he told businessmen and politicians gathered to rename the Treuhand head-

quarters after Detlev Rohwedder, its former head, who was assassinated in April, 1990.

Herr Kohl added: "That means not only sending personnel but giving orders to firms in the eastern states. They can get back on their feet much more easily if they can count on rising orders."

He repeated warnings to trade unions to accept moderate wage settlements this year, stressing that high pay would be a burden for struggling eastern firms. He said: "Economic restructuring... must not be put into question by excessive demands on the wage side."

Production in eastern Ger-

many is still weak, almost 18 months after Bonn and East Berlin forged economic and monetary union. The Federal Statistics Office says the flow of west German goods and services to east Germany last year, worth DM207 billion, exceeded the value of eastern Germany's gross product.

Herr Kohl expressed full support for the Treuhand despite the anger of east Germans recently made redundant. The agency, the world's largest holding company, had privatised more than 5,000 firms, won investment pledges of more than DM100 billion and secured 900,000 jobs, he said.

Later, Treuhand an-

nounced details of the sale of the loss-making Leuna chemical works, in Saxony-Anhalt, and the lucrative Minol petrol station chain. Treuhand said the board signed a memorandum of understanding with a German-French consortium made up of Thyssen Handelunion, Elf Aquitaine, of France, and SB-Kauf, a subsidiary of Asko Deutscher Kaufhaus, the German retailer. The consortium has agreed to invest DM4.7 billion in a new refinery at the Leuna site which will have an annual capacity of between 10 million and 12.5 million tonnes.

The final dividend is maintained at 4.2p, making an unchanged total of 6.2p per share, despite a plunge in earnings from 16.8p to 2.1p per share. The shares firmed 2p to 79p.

Union scapegoats, page 23

## Lookers profits halved to £3.2m

By Philip Pangalos

ANOTHER "substantial fall" in the national demand for new cars took its toll on Lookers, as the adverse conditions gripping the motor trade continued to affect the Manchester motor dealer.

Pre-tax profits halved from £6.45 million to £3.21 million in the year to end-September, on turnover down from £370 million to £359 million. New car sales at Lookers fell by about 20 per cent and margins were eroded, although used car sales enjoyed a marginal increase.

Ken Martindale, chairman, said: "In two years, new car sales have gone down over 30 per cent. We have battered down: we have reduced numbers and overheads as much as we can. We are now waiting for an upturn, although I am slightly more confident."

Mr Martindale said that although the fall in sales of new cars is affecting all parts of the country, the group's depots in the Southeast are suffering more because their after-sales businesses are less developed than those of their northern counterparts.

Profits from vehicle after-sales service and parts increased, with particularly good progress in the body and parts departments. Profits from the caravan division declined due to an oversupply of new caravans at a time of a fall in demand.

Taxable profits were boosted by an increased contribution from the sale of properties, up to £513,000 (£408,000). Gearing eased from 120 per cent to 115 per cent.

Mr Martindale said sales of combines and tractors were at their lowest for many years, as farmers' confidence remained low. The division's losses increased.

The final dividend is maintained at 4.2p, making an unchanged total of 6.2p per share, despite a plunge in earnings from 16.8p to 2.1p per share. The shares firmed 2p to 79p.

## Shelve dividend rise Wellcome to be urged

THE annual meeting of shareholders of Wellcome, the pharmaceutical group, will today hear criticism from a group of activist shareholders over the price of anti-HIV drugs and a request that the dividend rise be shelved. The Wellcome Independent Shareholders Association claims it is "insensitive" to increase the total payment from 6.5p to 10.0p in a recession and will vote against the rise.

Rob Archer, European spokesman, said if profits retained were pegged as well, the money saved would be enough to allow a 10 per cent reduction in the £5,000-a-year cost of a course of Acyclovir or Zovirax, being tested on HIV-positive patients. The result stands no chance of success, as 74 per cent of Wellcome shares are held by the Wellcome Trust.

## Royal Life picks chief

THE shake-up at Royal Insurance has continued with the appointment of a new head of the group's loss-making estate agency chain. Royal, which is seen in the City as the weakest of Britain's major composite insurance groups, has undergone a series of management changes since Richard Gamble took over as chief executive late last year. In the latest move, Peter Kelsey, a senior executive at Esso Petroleum, has been appointed managing director of Royal Life Estates. He succeeds Brian Gladwin, 57, who has taken early retirement. Royal Life Estates lost £11 million in the first nine months of 1991.

## Siemens improves

SIEMENS, the German electronics company, achieved a 6 per cent increase in net profits to DM398 million in the first quarter to end-December, after a strong rise in domestic sales from DM7 billion to DM7.6 billion. Heinrich von Pierer, the current deputy president, who will succeed Karlheinz Kaske as president later this year, said that the company hoped to maintain the previous year's profit margin. "If the general economy does not take a serious turn for the worse," this would suggest a net profit of more than DM2 billion for the current financial year, against DM1.79 billion in 1990-91.

## Thomas French rises

COST-cutting and a lower interest charge helped Thomas French & Sons, the curtain tapes and home improvements group, to more than double its pre-tax profits from £368,000 to £753,000 in the year to end-September. The shares responded with a 6p rise to 54p. The company's turnover fell to £13.7 million, down from £18.5 million last time, reflecting the group's retrenchment. There was a 7 per cent decline in sales from continuing businesses. Earnings per share jumped from 1.93p to 4.41p. The final dividend is maintained at 2.175p, making an unchanged total of 3.625p per share for the year.

## Norbain passes payout

NORBAIN Electronics, the electronic security systems group, is beginning to see signs that the increase in crime during the recession is steadying its market. Norbain's pre-tax profits plunged from £205,000 to £33,000 in the six months to October 31, on turnover down 29.4 per cent to £5.75 million. The decline reflects the disposal of the group's technology division and an increase in bad debts. Gross margins were maintained. Earnings per share have fallen from 2.06p to 0.33p. Once again, there is no interim dividend.

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# Inflation in US cut to lowest for five years

BY COLIN NARBROUGH, ECONOMICS CORRESPONDENT

THE end of the Gulf war and stagnation at home slowed American inflation to 3.1 per cent last year, according to the latest figures from the labor department. That level of price increases was the lowest for five years and about half the 1990 rate. A moderation in food and energy prices held the December rise in consumer prices to 0.3 per cent, after a 0.4 per cent rise in November.

Despite the progress made in braking inflation, Wall Street analysts said the data provided no conclusive confirmation that inflation had been beaten. There was otherwise little in yesterday's batch of economic indicators

likely to prompt the authorities to ease monetary policy further. Real earnings were up, but a drop in initial claims for unemployment benefit was thought to result from distortion of data.

The better guide to price trends, core inflation, which excludes food and energy, also rose 0.3 per cent last month, matching the November increase. This brought underlying inflation for 1991 down to only 4.4 per cent from 5.2 per cent the year before.

President Bush, keen to ensure economic recovery this year, said on Wednesday that he wanted interest rates to come down further, especially to boost the housing market.

The 49,000 fall in jobless benefit claims in the week to January 4 was better than the market had expected but appears to have been distorted by closure of employment offices during the New Year holiday. That makes it difficult to discern the underlying trend. It will probably be two or three weeks before analysts are convinced of any trend.

Real average weekly earnings, adjusted for seasonal factors, rose 0.7 per cent in December, after a 0.1 per cent increase (a downward revision) in November. The pickup last month, the largest advance since August, reflected an increase in hours worked more than rising pay.

Administration officials yesterday said the White House was completing a plan for economic revival that would increase personal exemptions for taxpayers and provide tax breaks for health care insurance. Unofficial estimates are that the plan would cut taxes by about \$10 billion a year for the next five years.

The measure, which is not yet finalized, is part of the "kick" that President Bush has pledged to give the sluggish economy. His plans have been criticised by the Federal Reserve and Wall Street economists, who fear that political expediency might override fiscal prudence. Any Bush proposal will be subject to congressional approval.

In Germany, the slowing European powerhouse, the latest retail sales figures for the western part of the country show a real 0.5 per cent fall in November compared with the same month in 1990, after allowing for inflation. The provisional data from the federal statistics office put the annual rate of increase in nominal retail turnover at 2.3 per cent.

Reflecting the slowdown after the unification boom, motor vehicles, car parts and tyres dropped 6 per cent in real terms. Electronic equipment sales were down by 4 per cent. By contrast, pharmaceutical products jumped by 5 per cent. Textiles, clothing and footwear moved ahead by 3 per cent, while stationery and office equipment sales managed a 1 per cent rise. In the first 11 months of last year, retail sales were 6 per cent up in real terms on the same period in 1990.

Volatility on foreign exchange markets this week have reflected growing concern about the German slowdown and increasing optimism about American recovery. This has depressed the mark and sent the dollar surging ahead.



Sitting on a cash mountain: Kerry Packer's recent asset sales and the expected flotation of his magazines pose questions about his next move

## Packer flotation revives bid speculation

KERRY Packer, the Australian entrepreneur, is expected to reveal plans today to raise more than Aus\$500 million (£217 million) by floating 55 per cent of his magazine group (Brian Buchanan writes).

The flotation of the magazine group will add to the estimated Aus\$840 million Mr Packer has made from

the sale of other assets over the past twelve months.

Ord Minnett Securities is believed to be underwriting the flotation: it handled the successful bid for John Fairfax, the newspaper group, by the Tourang consortium, led by Conrad Black, the Canadian publisher.

Mr Packer had a 15 per cent stake in Tourang until he

left the consortium to help it overcome political and regulatory issues.

The flotation is expected to value the magazines at Aus\$1.2 billion. Mr Packer would retain 45 per cent. The rest would be put to market at about Aus\$5 a share to raise about Aus\$522 million.

Neville Miles, Ord's corporate adviser, who led the

Tourang underwriting, said last night that he could "neither confirm nor deny" the flotation.

The group includes five of the top ten Australian magazine titles by circulation, and nine of the top 20.

Reports of the flotation and the cash it will generate have renewed speculation about Mr Packer's next move. At

one stage a full bid for Fairfax was tipped.

However, the view now is that the public banking Mr Packer received over his role in Tourang has helped sour his view on Australia and that he will now look to America or Europe. This in turn may revive the theory that he is interested in bidding for Mirror Group Newspapers.

## Bancorp is back in the black

BY NEIL BENNETT  
BANKING CORRESPONDENT

NATIONAL Westminster Bancorp, the American subsidiary of NatWest, is expected to make a profit in the first quarter of this year, its first since 1989. This follows a sharply reduced loss in the last quarter of 1991 due to cost cutting and a fall in bad debt provisions.

The bank lost \$29.8 million in the final quarter, to make a \$372 million loss for the year, against a \$352 million loss in 1990. The loss was caused by bad debt provisions of \$88 million in the quarter, and \$568 million for the year. NatWest Bancorp, based in New Jersey and New York City, has been badly hit by the collapse in property values on the east coast of America.

John Tugwell, the bank's head, said it had since returned to profits, and low American interest rates were helping to ease the pressure on the bank's struggling customers.

During the year, NatWest reduced the staff in the bank by 500, and Mr Tugwell said it is planning another 150 job cuts in the spring to ensure that costs remain the same as last year.

## Port of Belfast at record

BY ROBERT RODWELL

THERE were few signs of recession in traffic last year through the port of Belfast, which logged record freight of 9.4 million tonnes, 6 per cent up on 1990's level, itself a record, and a 72 per cent increase over the past decade.

Publishing the figures for 1991 yesterday, Belfast Harbour Commissioners say the port is handling more than 55 per cent of Northern Ireland's seaborne trade and is the leading port in all Ireland.

Factors in the record results were Norse Irish Ferries' new Belfast-Liverpool roll-on roll-off service from a terminal opened last September; an increase to three ships on the Belfast-Heysham ro-ro service; larger ships on services to Rotterdam and Oslo and a new Le Havre container service.

The Belfast commissioners anticipate further expansion this year. In April Seacat will open a high speed passenger catamaran service between Belfast and Stranraer. Dumbries, and passenger/car facilities will be added to the new Liverpool service, which is at present restricted to commercial vehicles.

## Tory MPs demand a new body to regulate the City

BY ROBERT MORGAN, PARLIAMENTARY STAFF

TWO Conservative MPs yesterday called on the government to set up an American-style securities and exchange commission to control City institutions in view of the apparent failure of self-regulation.

But Gillian Shepherd, a junior Treasury minister, turned their demands aside, insisting that the Financial Services Act, the Companies Act and other measures provided Britain with a tough regulatory regime.

Anthony Beaumont-Dark, MP for Birmingham Selly Oak, said during question time in the Commons that self-regulation in the City was meant to be the panacea that would solve most of the prob-

lems. None the less, the Polly Peck, Brent Walker and BCCI scandals had occurred; so had the greatest of all, that connected with the late Robert Maxwell.

These scandals indicated that the system of self-regulation was proving less than satisfactory.

Mrs Shepherd said that though there had been some large and spectacular frauds — not all in financial institutions — that did not mean the City was riddled with fraud. No regulatory system could provide complete protection against the determined thief or fraudster, she said.

The present government had done more than any other to tighten control of the

City, but a balance had to be struck between tight regulation and the stifling of innovation and initiative in the financial sector.

Sir Peter Tapsell, MP for Lindsey East, and a respected voice in the City, reinforced Mr Beaumont-Dark's view, pointing out that a multiplicity of overlapping regulatory bodies existed. Many frauds reported to the regulatory bodies were first discovered by the American SEC.

Mrs Shepherd denied that this was so in the case of BCCI. She repeated that while there was cause for concern about large and spectacular frauds, the government had done more than any other to regulate the City.

## Cityvision urged to reject US bid

BY MARTIN WALLER

TWO former executives of Cityvision, the video rental chain, will today call formally for an extraordinary meeting of shareholders to reject the agreed £75 million bid from the American Blockbuster group and vote themselves into control of the company.

Phillip Crane and Ray Hipkin sold their businesses to Cityvision during its period of explosive growth in the late Eighties, but claim the company has been badly managed since, resulting in a sharp fall in profits. "In our opinion, the company is hiding its failings behind the recession," they claim in a document issued last night that urges rejection of the bid.

The two claim the backing of more than 20 per cent of the shares and say they expect no difficulty in getting the 10 per cent level of acceptances required to requisition the meeting. But their "management vote-in" would be scuppered by acceptances from more than 50 per cent of shareholders to the Blockbuster bid by the first closing date on Wednesday.

The former executives' attempt to run the company is being strongly opposed by the existing management, who say the Blockbuster bid offers fair value to shareholders. Between them, the two own 350,000 shares in Cityvision, bought as part of the consideration when they sold their businesses. Mr Hipkin does not think they are sitting on a large loss on their holdings.

Mr Crane was offered the job of managing director at Cityvision's main subsidiary in March 1990 but subse-

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## Möller attacks Europe over trade stance

FROM REUTER IN BONN

Jürgen Möller, German economics minister, has sharply criticised the European Community and its members for standing in the way of a far-reaching world trade agreement.

"On the eve of the conclusion of the Uruguay round," he said, "the community and its member states present a frustrating picture of contradictions and frightened wavering." His statement was unusual for the harshness of its wording.

The so-called Uruguay round of trade talks, launched in 1986 under the auspices of the General Agreement on Tariffs and Trade, have dragged on long past December 1990, the date originally set for their conclusion. The main reason has been a battle on how to

cut farm subsidies between the EC on one side and America and the Cairns Group, 14 states that export agricultural produce, on the other.

Herr Möller, whose Free Democratic Party opposes protectionism of any kind, urged the Group of Seven industrial nations and the EC to make good their

repeated promises to bring the talks to a successful conclusion.

"Political credibility demands it," he said. "We cannot preach market economy and close our own markets at the same time."

The G7 countries pledged at the 1990 and 1991 world summit meetings to make the

conclusion of the Uruguay round a top priority.

Efforts to block an agreement threatened to paralyse the EC's executive commission as chief negotiator for EC members and to lead to a once-and-for-all collapse of the Uruguay round. Herr Möller said, "We must do all we can to counter these

disastrous tendencies," he said, "otherwise the world economy, global political relations — and not least we ourselves — will suffer unforeseeable damage."

The collapse of the talks would result in massive trade conflicts and the creation of large trade blocs. "The world economy would be severely

## France says Gatt package will ruin EC farmers

Paris — Proposals to complete Gatt's Uruguay round of tariff-cutting negotiations would "ruin" farmers in the European Community, Louis Mermaz, France's agriculture minister, claimed. Farmers' prices for grain would be cut by 40 per cent and those for beef by 20 per cent within five years.

Speaking a day after President François Mitterrand said France rejected a compromise package proposed by Arthur Dunkel, Gatt director general, M Mermaz told EC commissioners not to

make concessions to America in return for "false compensations".

Washington sought a "very drastic" agreement, he said: it wanted to reduce EC grain exports of 20 million tonnes a year to 13 million tonnes. In 1990, however, American grain exports represented 46 per cent of the world total; EC exports, by comparison, made up only 14 per cent.

Jean-Noël Jeanneney, France's secretary of state for foreign trade, said after meeting three Portuguese ministers in

Lisbon that the two countries held similar views on the Gatt talks. They believed that Mr Dunkel's proposals on agriculture were "unbalanced".

The four ministers agreed that "it is not for Europe to move" in the negotiations and that "the ball is in the US court".

M Jeanneney had talks with Mira Amaral, Portuguese industry minister, Faria de Oliveira, trade minister, and Vitor Martins, secretary of state for European integration. (AFP)



Dunkel: compromise



## Depressed car trade squeezes Davenport

THE depressed conditions gripping the motor trade led to a 27 per cent fall in full-year profits at Davenport Vernon, the Buckinghamshire-based motor dealing group, but second-half trading showed some signs of improvement.

Pre-tax profits declined from £1.96 million to £1.43 million in the year to end-September, on turnover ahead 5 per cent at £99.7 million. After a 50 per cent slump in first-half profits, the second half saw an encouraging 4 per cent improvement in profits to £890,000.

Don Baker, finance director, said increased activity was particularly evident between July and September. He said this continued in October and November, although there is a downward trading trend at the moment. The group now has a total of 16 franchises, following the recent addition of a Mazda franchise at Milton Keynes. The group has also negotiated two Nissan appointments.

Gearing had been trimmed from 43 per cent to 32 per cent. Earnings fell 29 per cent from 10.3p to 7.3p per share, but the final dividend is maintained at 2.5p, making an unchanged total of 4p for the year. The shares eased 3p to 85p.

### Avon venture

Avon Rubber, through Cadillac Rubber and Plastics Inc, has set up a joint venture with two Japanese companies to supply products to the automotive industry in America, Canada and Mexico. The new company, CT Rubber and Plastics, 60 per cent owned by Cadillac, 30 per cent by Toyo Rubber and 10 per cent by Tomen Corporation, plans an initial \$1.5 million investment in equipment, and will produce radiator, heater, fuel and emission hose. Avon shares were unchanged at 309p.

### Hampson falls

Pre-tax profits at Hampson Industries fell from £2.64 million to £1.62 million in the half year to end-September as the recession continued to take its toll on the West Bromwich industrial group. Turnover rose from £36.6 million to £37.1 million. The interim dividend is maintained at 0.6p, despite a drop in earnings from 2.48p to 1.36p a share. Diluted earnings are 1.45p (2.38p).

### Trust slips

Northern Industrial Improvement Trust, the Tyne and Wear investment and property holding company, reports taxable profits of £214,500 (£20,000) in the half year to end-September. Investment income edged up to £189,700 (£182,000). Earnings per share slip to 12.41p (12.62p). The company does not declare its interim dividend until later in the year.

### BOC confident

The BOC Group has started 1992 in reasonable form, with prospects for the financial year in line with the market's expectations. Patrick Rich, the incoming chairman, told yesterday's annual meeting. He said the balance sheet is strong and the portfolio is resilient. BOC shares rose 15p to 650p.

### Ivory buys

Ivory and Sims has acquired Castle Cairn Fund Managers, the Edinburgh private fund management company. The value of funds under management of CCFM at end-September was £30.5 million. The consideration will be satisfied by the issue of 331,753 shares in Ivory and Sims.

# Investors' search for better value depresses drugs shares

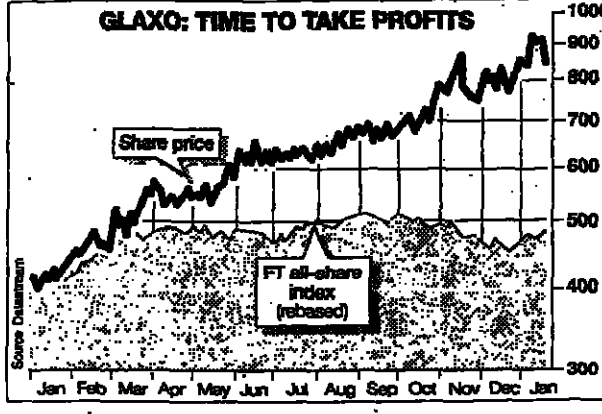


Girolami: shares fall

that Glaxo still offers outstanding long-term value. Andrew Porter, at Nikko, says the fall in the share price of Glaxo, where Sir Paul Girolami is chairman, was also prompted by the launch

American investors pushed shares in British Steel up 7p to 77p as 17 million shares changed hands. The rise followed a switch in New York out of defensive sectors and into cyclical and recovery issues.

of Lansoprazole, a new anti-ulcer drug, by Roussel, the Franco-German group. Nikko believes the new drug could take market share away from Glaxo's Zantac and SmithKline Beecham's Tagamet in the longer term. SmithKline Beecham 'A' fell



40p to 923p. There were also losses for Fisons, down 7 1/2p to 361p, Medeva, 9p to 228p, and Wellcome, 16p to £10.22.

The rest of the equity market managed to claw back an early fall of almost 14 points, helped by news of the cut in the mortgage rate by the Abbey National and the Halifax and Nationwide building societies. Dealers said it was another positive step for the economy. But there was little real follow-through by investors. Turnover reached 638 million shares but, once again, the bulk of this was accounted for by market-makers trading between themselves in order to cover short positions.

As a result, prices closed below their best of the day, with the index finishing 4.5 points higher at 2,541.6, having been 12.3 higher at one stage. Government securities

drew comfort from a better performance by the pound to end with gains of 1/2p at the longer end.

The news from TSB Group was not as bad as some analysts had feared, and the price rallied on the figures to close 9p better at 129p. The group plunged into the red last year with a pre-tax loss of £47 million (£32 million profit). The figure was struck after losses of £419 million at its Hill Samuel merchant banking arm combined with provi-

sions for bad and doubtful debts for a total deficit of £654 million.

Sir Nicholas Goodison, the chairman, said Hill Samuel was back on the road to recovery and was pleased with the progress made by the retail banking and insurance operations.

The rest of the banks responded positively to TSB's results and the news of the cut in the mortgage rate. Abbey National rose 10p to 294p, Barclays 16p to 381p, Lloyds 13p to 398p, Midland 7p to 224p, and National Westminster 7p to 287p.

Housebuilders also warmed to the news. There were gains in Barrat Developments, 3 1/2p to 47p, Bellway, 10p to 233p, Birtch Group, 8p to 80p, Costain, 3p to 74p, Countryside Properties, 4p to 94p, John Mowlem, 7p to 139p, Persimmon, 8p to 245p, and Westbury, 5p to 108p, and Wilson Bowden, 8p to 389p. The news also led to activity on the bid front, with Steelcity up 15p to 370p. The group is the target of a hostile £650 million offer from Redland, 20p higher at 458p.

The mortgage rate cut also bodes well for the DIY industry. Kingfisher, which includes B&Q, rose 6p to 488p, while WH Smith 'A', with Do-It-All, rose 10p to 460p. Lomax remained a nervous market, touching 137p before rallying to end a net 1p lower on the day 142p.

MICHAEL CLARK

## TEMPUS

# Jekyll and Hyde figures at TSB

TSB Group is a tale of two banks. The retail bank, invigorated by two years of reorganisation, continues to motor ahead. The growth is even more notable since it has been achieved against a background of deep recession.

This success is obscured by the appalling performance of Hill Samuel, the merchant banking subsidiary.

The dichotomy is apparent in the figures for the year to end-October. TSB's retail banking and insurance arm produced an operating profit of £413 million, a rise of 17 per cent. This was almost wiped out by a £409 million loss by Hill Samuel, the largest in the history of merchant banking.

After central costs, the group was pushed to a loss of £47 million, in line with forecasts, compared with a £312 million profit in 1990. Shareholders can take some comfort that the dividend for the year is held at 6.4p.

The recovery at Hill Samuel will be slow and painful. The bad debt provisions of £432 million which caused the loss will not be repeated. But the bank has been left with a £1.3 billion portfolio of non-performing debt.

A breakdown of Hill Samuel's bad debt provisions reveals the sectors that have suffered most in the recession. Fifty nine per cent of the charge was made against property and construction businesses. The record of manufacturing and distribution industries is far better. Hill Samuel's largest single provision in the year was against Brent Walker, and this accounted for almost all the £81 million set aside for the leisure sector.

The cost of funding the

non-performing loans reduced operating profits by £62 million to only £13 million last year, and will continue to hamper income growth until the middle of the decade. The merchant bank is unlikely to return to profit until 1993 at the earliest, and the likelihood of it making a respectable return on its £750 million capital before 1995 is remote.

Despite this, the group's figures must improve after such a bruising year. That assumption alone sent the shares up 5p to 129p. Assuming only a modest economic recovery this year, a fall in bad debt provisions should produce a £270 million profit, putting the shares on a p/e ratio of ten. Despite the apparent speed of recovery, it may take TSB until 1994 before it better the profits it reported in 1988. The shares are not worth chasing.

### Markheath

HAVING bought and sold Camford during an 11-month flirtation with the engineering sector, Markheath Securities is now back to its property development roots. Not surprisingly the figures for the first half look pretty uninspiring, with a pre-tax loss of £459,000 for the six months to the end of September on turnover of just £3.8 million. This is not great from a company that made a £12 million profit only two years ago. The interim dividend is cut from 2p to 0.5p.

However, the Camford adventure has left a prime 22-acre office development site in Stevenage, Hertfordshire, on which Markheath's



Back to basics: Paul Bobroff of Markheath

hopes largely rest. The infrastructure is almost in place at a cost of £1.5 million and Markheath claims it has received an encouraging number of enquiries about pre-letting.

For the rest of the group's portfolio, it is a matter of waiting for the end of the recession. Apart from the Stevenage project, development has come to a halt. But at 17p, the shares look close to the bottom and conservatively priced. The uncertainty hanging over the share price has also been eased by the announcement that Abteem, the hugely indebted majority share-

holder, is close to a refinancing agreement. The shares are worth holding on to.

### Microgen

MICROGEN Holdings, the computer services group, is learning the wisdom preached by Mr Micawber.

Costs and capital expenditures, it admits, ran ahead of income during the recession in both the core businesses and within new services, and this has led to a £300,000 "rationalisation charge against profits."

Results for the year to end-October at £7.28 million profit, compared with £8.5 million, also reflect tougher trading conditions although Microgen believes itself well placed when economies improve.

Life at Microgen has not been made easier by a £404,000 charge in 1991, which could rise to £525,000 in 1992, for rates and rents that still have to be paid on vacated, but as yet unsold, British premises. In Scandinavia, the recession has been even more severe.

There is the prospect of annual revenues of £3 million from a five-year contract with a Finnish bank, and another good year is expected from operations in Germany.

The final dividend is held at 4.8p a share, making an unchanged 7p for the year. Mr Micawber was ever hopeful that something would turn up, and on present evidence Microgen could be lucky and see a profits increase to £8 million this year. At 157p, down 4p, the shares trade on 11.6 times prospective earnings, backed by a 5.9 per cent yield. Hold on, and hope.

## Producers are urged to shore up the price of crude oil

# Opec head calls for output cuts

FROM REUTERS IN LAGOS



Aminu: expecting cuts to meet in Geneva on February 12

The 13 members of Opec pumped 24.2 million bpd in December, the highest since March 1990, according to the International Energy Agency, a western energy

watchdog body based in Paris.

Mr Aminu said Venezuela had already agreed to a 50,000 bpd cut and Libya had decided to lower its output by 30,000 bpd.

Although not every Opec producer would agree to implement cuts, efforts were under way to get more nations to join those which already have, he said.

"We are going to continue talking to other ministers and I expect more of them will make announcements of cuts in the next few days," Mr Aminu said.

He said a combination of factors, including over-supply and Opec's over-estimation of demand, had depressed world oil prices for the past

three months. He added that Opec needed to meet and reach a decision to reduce oil exports by about 1 million or 2 million barrels a day in order to boost prices.

February Brent crude oil futures rose 42 cents to \$18.31 a barrel in London on Wednesday, partly on speculation that Nigeria would join Venezuela and Libya in announcing an oil output cut.

By early yesterday afternoon in London, February Brent futures had gained another 31 cents to stand at \$18.62 dollars per barrel.

Iran and the United Arab Emirates held talks in Abu Dhabi about "co-operation in Opec" about a possible reduction of the UAE's current output of 2.5 million bpd.

## WORLD MARKETS

# Dow dips 29 points in morning trading

New York — BLUE chip issues fell in morning trade as profit-taking, a soft bond market, sell programs and heavy sales of pharmaceutical and high-technology shares combined to depress the market, analysts said.

The Dow Jones industrial average was down 29.52 points at 3,228.98, up from a session low of 3,222. In the broader market, declining shares led advances by four to three.

Gail Fitzer, at Jefferies and Co, said: "Bonds are weak, there is some profit-taking, DEC (Digital Equipment) earnings were poor and the

drug companies are absolutely getting creamed this morning. It's a recipe for a sell-off."

□ Singapore — Share prices advanced further in active trading. The Straits Times industrial index closed at 1,529.05, up 19.75 points. □ Sydney — The market lost ground in the afternoon on speculation that the government's budget deficit had grown to A\$9 billion (£380 million) from the official forecast of A\$4.7 billion. The All Ordinaries closed at 1,673.5, down 2.1 points. □ Frankfurt — The Dax index ended 1.16 points down at 1,666.34.

## Nikkei closes weaker

Tokyo — Arbitrage unwinding and selling linked to the weekly options exercise depressed prices, while the closing of accounts before the fiscal year end kept domestic institutions on the sidelines, brokers said.

Shigeru Akiba, of UBS Phillips & Drew, said: "The foreigner-led rally many had hoped for quickly ran out of steam. People don't want to buy and we're looking at a futures-dominated market."

The Nikkei average closed down 162.94 points, or 0.75 per cent, to 21,612.19, with

about 240 million shares traded. The Nikkei reaching hitting its day's high of 22,134.88, 359.75 points above Tuesday's close, in the first 23 minutes of trading. However, the rebound lost impetus and, depressed by renewed weakness in the futures market and continuing fears over the supply and demand situation, the Nikkei closed at its lowest level since December 11.

□ Hong Kong — The Hang Seng index advanced 29.48 points to close at 4,412.14. (Reuters)

Jan 16		Jan 15		Jan 16		Jan 15		Jan 16		Jan 15	
midday	close	midday	close	midday	close	midday	close	midday	close	midday	close
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AMT	45.75	45.75	45.75	AMT	45.75	45.75	45.75	AMT	45.75	45.75	45.75
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AMT	45.75	45.75	45.75	AMT	45.75	45.75	45.75	AMT	45.75	45.75	



## Shifting the VAT burden

Whitehall is supposedly dedicated to relieving burdens on industry. As ever, this maxim fades quickly into the background when the government's own finances are at stake. The single European market has brought the Exchequer a cash flow problem. Customs and Excise has seen no need to aid imports and has therefore charged VAT on them at their point of entry rather than when they are finally sold. Other European Community states do exactly the same, and, to be fair, Britain only switched to this system when it discovered this. But all this will have to change with the abolition of fiscal frontiers, at a one-off cost, the government estimates, of about £2 billion. The neat response is to force the top 1500 business, which alone account for 20 per cent of all VAT, to pay monthly instead of quarterly.

The CBI's big guns are outraged. Not only is industry being kicked while it is down, but the government has over-estimated its losses and therefore imposed a net extra burden. So exercised is the CBI that it has set the reversal of this tax-raising play as one of the main planks in its demands to Norman Lamont for Budget relief. Neglecting the statistical arguments, however, the CBI needs to mount a strong case. After all, some 90,000 businesses importing from other EC countries will enjoy a cashflow benefit from the change. The losers may not be too concerned about the winners but, if government is being mean, there is some rough justice in big companies, notorious for late payment to small firms, having to stump up for the widespread relief to others.

Industry must also question whether its leaders are not missing the wood for the trees. If the government can afford to "give away" £2 billion in the Budget, would not industry ultimately benefit more from cuts in taxes on income or sales?

## No rate rise

Yesterday's unexpected mortgage rate cut seemed to make no impression on either the stock market or the foreign exchanges. Yet it could have big implications for British politics, for share prices and for sterling. On its own, a half point cut in the mortgage rate will not revive the moribund housing market. But the gesture speaks volumes about the way that prospects for monetary policy have shifted within the last few days. Until ten days ago, there was an almost universal expectation that the next move in British interest rates would be up rather than down. Since then, the pound has strengthened, but only by one pfennig. So why did the building societies stick their necks out?

The less likely explanation is that the Treasury tipped them the wink — come hell or high water, the Chancellor would not increase base rates. A more machiavellian alternative is that this cut in mortgage rates may have been the real price the building societies quietly agreed to pay for last month's change in the social security regulations on mortgage payments.

Whatever the explanation, the implication is the same: an increase in base rates is now far less likely than it was on Wednesday. Before the mortgage rate reduction, the Treasury might have reasoned that it could get away with a half point increase in base rates to defend sterling without provoking an increase in the politically all-important cost of mortgages. After yesterday's announcement, the building societies have left themselves with no leeway to tolerate an increase in money market rates. If base rates go up, so will mortgage rates. Ergo base rates will not go up this side of the general election.

**Wolfgang Münchau**  
argues that the  
German unions have  
unfairly been made  
the scapegoat for the  
cost of unification

When the economy turns down, people usually blame the government. Not so in Germany. This is because the Bundesbank, Germany's most powerful economic decision maker and holler-than-thou defender of monetary stability, is usually beyond reproach, at least inside the country; and the federal government is said to have only limited responsibility, mainly over federal fiscal policy. But since somebody has to be blamed for an economic downturn, the Germans have chosen to blame the trade unions.

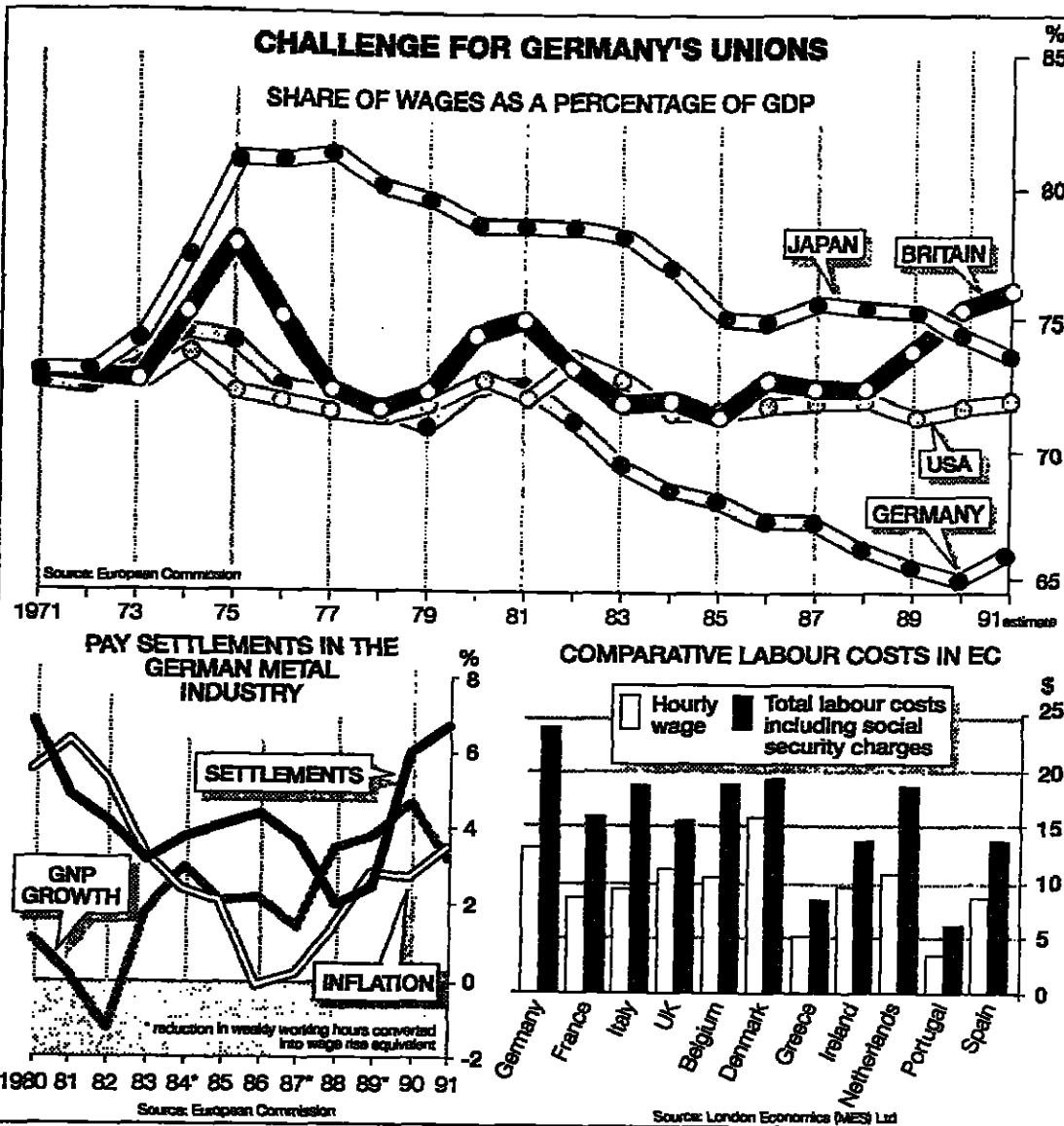
This might at first be surprising, since abroad German trade unions have always had a reputation for moderation and co-operation. But with recent pay demands of more than 10 per cent in some sectors, the unions have become vulnerable to criticism. But the image of German unions' apparent militancy does not stand up to closer scrutiny. In fact, the opposite seems to be the case.

This suggestion does not seem to square up with the current events. During the current spring wage round, which will determine most of this year's settlements, ÖTV, the public sector union, is demanding pay rises in excess of 10 per cent. DAG, the clerical employees' union, has already started warning strikes at selected banks over a 10.5 per cent wage claim.

IG Metall, the mighty steel and metal workers union, has announced a strike ballot for the north-west German steel industry, and has launched a 9.5 per cent wage claim for the metal sector which, with 4 million employees, is the country's largest. There are fears that IG Metall would be prepared to launch a strike to press home its pay demands, but in the end the odds must be on a "generous" settlement of about 6 per cent, or slightly higher. The Bundesbank and the government have already made it clear a "six-plus" settlement would be disastrous for the economy.

These wage demands occur amid an increasingly uncertain economic background. Unification has put a strain on public finances and on west German taxpayers, who saw real incomes eroded by unification and higher petrol taxes. The strong boom which lasted into the first quarter of last year has abated. The government has cut its growth forecast from 3 per cent to 1.2 per cent. Inflation has risen to 4 per cent and may reach 5 per cent by the spring. Interest rates are at an historic high. Now there is talk of recession, although there is no evidence yet, except for dubious and highly volatile quarterly output figures.

With growing uncertainty over the economy, the unions have come under pressure. Employers critic-



ised the unions even at the best of times, but over the last months the Bundesbank has joined the chorus of disapproval, and so has Jürgen Möllemann, economics minister, who has called for pay settlements no higher than inflation. Such settlements would leave real wages unchanged, or even negative, taking into account the tax rises.

To all the critics, potentially inflationary wage settlements are the

**'German unions have not been very successful pay negotiators over the last 10 years'**

root cause of all economic ills. Herr Möllemann was blunt in an interview with *Der Spiegel*, the news magazine. "I fear that some of the unions miss a recession in order to have the courage to persuade their members to opt for a moderate settlement," he said. The unions, angry at being cast as recession-mongers, are reacting with bitterness. At the IG Metall there is talk of a "poisoning" of the industrial relations climate, and Herr Möllemann is accused of "talking the economy into the gutter". A spokeswoman,

describing the mood on the shop-floor, said the members were "very angry and very bitter".

Superficially, 10 per cent pay demands do not fit the present economic climate, but the underlying evidence would at least return an open verdict, if not suggest otherwise. This is essentially because the present high pay demands follow a decade of wage moderation as the chart shows.

One also needs to consider that pay settlements tend to be related to industry profits, now very high after the recent unification boom. If unions miss the boom, they miss out on the settlements. There is no realistic hope of compensation during a later period of lower growth, when rising unemployment will exert pressure towards moderation.

The charts suggest a more discerning picture. While German wage costs are the highest in Europe (though productivity is also the highest), the share of wages as a percentage of gross domestic output is lower than at any other time since the war, and is lower than in any of the G7 countries at any time. This suggests that not only have profits been a growing constituent of GDP, but also that German unions, although generally admired elsewhere for their power, have not been very successful pay negotiators over the

last 10 years, in terms of maintaining the relative share of wages in the economy.

The discrepancy is set to increase over the next few years. A study by London Economics, an economics consultancy, said: "German wages, currently the highest in the EC, will fall by 10 per cent relative to those in other EC countries as a result of unification" by the year 2010. It is generally noted that the main problem

**'The system has proved well balanced, because both sides in negotiations pursue ruthless self-interest'**

with German wage costs are not the wages, but the non-wage element, in particular social security costs, which amount to almost 100 per cent of the total wages bill, against only 41 per cent in Britain.

The relatively low settlements in the metal industry since 1980 bears testimony to unusual wage moderation, although there has been some substantial non-monetary compensation through reductions in working hours. In the metal industry, working hours have fallen from 40 in 1984 to 37 in 1989, and will

decline to 35 by 1995. While these reductions increased the average hourly pay, they have also resulted in lower wage settlements than would have been the case.

The higher settlements in 1990 and 1991 show the union's determination to redress the balance. In the end the degree to which a union behaves responsibly cannot depend on wage demands in any single year. Few would deny, including employers, the present system of regional but industry-wide negotiations has benefited both employers and employees over the years. Both sides would admit the industrial relations system has been one of the most important factors in the success of German economy. Over time, though not in a single year, the system has proved well balanced, not least because both sides in negotiations pursue ruthless self-interest.

It is therefore unreasonable to expect the trade unions, and therefore employees in general, to exercise excessive self-restraint, even when faced with such a tremendous national task as the funding of unification. The federal and regional governments have set a poor precedent by failing to cut spending significantly, and have reverted to higher taxes to finance shortfalls. But these taxes are being paid by employees who in turn demand pay compensation. In the end, the underlying inflationary problem of the German economy is rising income tax, which works through the inflationary chain indirectly via higher pay rises and costs to industry, as well as rising direct taxes, such as VAT and petrol taxes, with direct inflationary impact.

The real problem in the German economy, and one which will haunt the country in future, is institutional rigidity. Even when faced with a political and economic shock such as unification, the German political structure is incapable of shifting spending priorities from one sector to another, from financing an urban by-pass in an affluent western city to an essential motorway in the east.

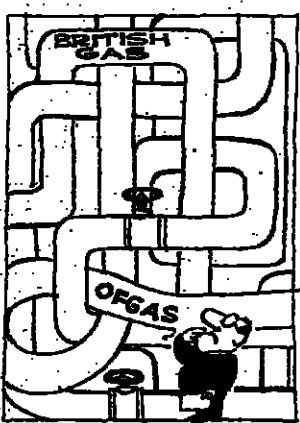
The Bundesbank, which has remained an essentially west German institution, is equally to blame. While it is desirable to keep inflation low, the Bundesbank refuses to accept the inevitability about recent negative developments. If one adds 15 million more consumers to an economy, a 25 per cent rise, as with unification, and yet expands productive capacity by only 7 per cent, one creates excess demand and hence higher prices. In fact, the Germans should count themselves lucky inflation has not risen further. Even at the height of the turbulence, German inflation is still lower than Britain's or America's in the middle of a recession. In terms of effectiveness, there is little monetary policy can do to avert this, other than cause a full depression. The Bundesbank's determination to raise interest rates to ever higher levels suggests such a policy is being pursued.

In the end, there is no reason why Germans should not blame those primarily responsible for economic policy, the government and central bank, as everybody else would.

## THE TIMES CITY DIARY

### Holmes finds a new house

IF YOU can't beat them, join them. John Holmes starts work at Credit Lyonnais Laing today. In the autumn, he abandoned plans to launch an agency broker with Peter Quinnen, the former James Capel boss, after failing to persuade enough high calibre analysts to join him, even though he had £5 million of capital backing in place. Holmes, aged 47, who is to be head of UK institutional sales, was previously managing director of Morgan Stanley and, before that, managing director of Morgan Grenfell Securities. At Laing, he will work alongside Keith Sykes and Michael Styles, the top-rated electrical analysts who recently joined the firm from Smith New Court. Ironically, it was their decision to join Laing — rather than Holmes and Quinnen — that persuaded Holmes to shelve his own venture. Tim Huddart, aged 32, who has been holding the fort at Laing's institutional sales desk, will remain with the firm, reporting to Holmes. "It will be nice for us to have someone who is such a serious player, with top level contacts, on the institutional side. It will really raise our profile in the UK," says Michael Kerr-Dineen, the chief executive of Laing. "He will act as a catalyst for the coming together of our sales and research effort. Getting that research sold effectively will be his key job." Laing's market share has, he says, increased and the firm was profitable in 1991.



### Opting in

THE racy world of futures and options grows smaller by the day. In the latest in a round of City reunions, Ian Rankine and Martin Price, both of whom have worked for NatWest in the past, have joined forces with Quentin Burrows, a third former teammate, to provide a service for private clients. "No, we don't drive fancy cars," says Price, perhaps mindful of the "churn 'em and burn 'em" tag unfairly attached to some options boutiques. Other members of the team include Oliver Gillie, a former metals trader, and Patrick Thompson, who was formerly marketing manager at the London Traded Options Market.

### Dream machine

A CHILDHOOD dream appears to have come true for Simon Cuthbertson, accountant and classic car enthusiast. Cuthbertson, audit partner at Coopers & Lybrand Deloitte in Milton Keynes, used to catch the school bus outside

an Aston Martin showroom in Birmingham and developed a fascination for the sleek cars. His delight, therefore, at the appointment of Coopers as auditor to Aston Martin Lagonda in nearby Newport-Pagnell, is understandable. "I may at last get a chance to drive one," says Cuthbertson, who, as accountants go, has led an interesting life. Twelve years ago, he was sent to run the firm's office in Liberia, west Africa — a country he agreed to go to because of its political stability. "I arrived on the night of April 10, 1980, and 30 hours later they had their first coup in 147 years," he recalls. The management at Aston Martin should be warned. . .

FROM a weekly newspaper in New Zealand: "A real know-all is a barber who moonlights as a cab driver."

### Trading names

THE world has had 45 years to get used to the General Agreement on Tariffs and Trade (GATT). Now, with a new agreement on trade closer, the hunt is on for a new name, but the powers-that-be appear to be stumped. The draft text for the Uruguay round came up with Multilateral Trade Organisation, or MTO, to the distaste of GATT officials. An earlier proposal of International Trade Organisation (ITO) was shelved and the World Trade Organisation (WTO) already exists. Arthur Dunkel, GATT director-general, will be grateful for suggestions from our readers.

CAROL LEONARD

## Rowland report does too little for external Lloyd's members

From Mr C. Gurney

Sir, So much was expected from the Rowland report that one cannot help but be disappointed at the lack of any imaginative or radical solutions to any of the current problems at Lloyd's.

The stage one reforms will in almost every case add to the expense and complexity of running Lloyd's — despite saying that the costs are currently too large and that the structure is too complex.

The stage two reforms do include some good ideas — no doubt put forward by McKinsies — but with recommendations that they be considered "in three years' time".

Despite lip service to the idea of "strengthening Names' rights", nothing is done to:

1. Make the Council responsible to and elected by Names.
2. Take away from the Council their legal immunity and make them subject to the normal laws of principal and agent in relation to their dealings with Names.
3. Strip the Council members of their conflicts of interest inherent in "representing Names' interests" and at the same time making money out of the very same transactions through their own members' or managing agents' companies or by being underwriters.

It is precisely these conflicts of interest which have resulted in the gradual and creeping level of dishonesty of the market as a whole over many years. It has also resulted in the present situation, where a large minority, if not a majority, of Names do not trust the Council to represent them im-

partially. The risk/reward ratio has continually been tilted in favour of the Lloyd's community. This could not have happened if the Council were elected by and answerable to all Names.

Company shareholders, whose risk is strictly limited, have much greater protection than Lloyd's Names, who are expected to accept unlimited liability.

Instead of addressing the problems of the hugely loss-making syndicates and the fundamental dishonesty inherent within the market balance of power, the Rowland report has instead addressed the issue of how to keep more fodder coming into the market to keep the capital flowing in so as to keep the Lloyd's community in a comfortable job.

The only organs within Lloyd's which fairly and impartially represent the interests of all Names are the Names' Action Groups, and they are slowly but surely amassing a mountain of evidence to show just how external Names have been ripped off over the years.

I was hoping that the Rowland Committee would produce something better than this, so I did not resign last year. Now that it has become abundantly clear that Lloyd's will continue to be run by the Lloyd's community for their own benefit at the expense of external Names and with just a few minor adjustments, I have sent in my resignation and am sure that many others will do likewise.

Yours sincerely,  
CLAUD GURNEY,  
Little Charn,  
Penshurst,  
Kent.

## Skills training

What are your local colleges and schools doing to prepare your child for work?  
See **VOCATIONAL UPDATE** this Friday.

**tes**

THE TIMES EDUCATIONAL SUPPLEMENT

75p

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<b>MERIDIAN FUND MANAGERS LTD</b>									
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Equity	240.00	240.00	+1.30	1.93					
Income	215.00	215.00	+1.30	1.93					
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Lawrence unfit for first cricket Test in Christchurch

# England lose services of their cutting edge

FROM ALAN LEE  
CRICKET CORRESPONDENT  
IN CHRISTCHURCH

LANCASTER Park, where the first Test match begins tomorrow, has been a humiliating venue for recent England sides, but if this winter's series is not to go down the dead-end route of so many others in New Zealand, Graham Gooch's team simply has to win here. Yesterday's bad, though not unexpected, news was that it must do so without David Lawrence.

As the fastest bowler on either side, Lawrence would have given England a definite edge on what is historically by far the most likely of New Zealand's three Test grounds to produce a result. Eight years ago, England were bowled out here for 82 and 93, and on their last tour they degenerated into costly penitence when a winning position slipped away.

Only two of the last seven Tests in Christchurch have been drawn. Meanwhile, there have been 13 draws out of 19 in Auckland and Wellington. Fail here and the next few weeks could be purgatory.

To most eyes, Lawrence's fitness test yesterday was a gesture against impossible odds. The man himself saw it differently and all credit to him for that, but after a gentle run with the team's physiotherapist, Laurie Brown, even he had to admit defeat.

"He was championing at the bit to have a bowl but we couldn't allow it," Gooch said. "He is simply not fit. It's a sad loss for us and very disappointing for him because his confidence was so high."

Lawrence says he still hopes to recover in time to play in New Plymouth a week today, but with the type of injury he has and the type of tour that this is, it is cruelly possible that he will return to England next month without bowling another ball.

One man's misfortune is, as ever, another man's gain and

the absence of their fastest bowler makes it almost inevitable that England will seek to balance the side by giving a first Test appearance to Dermot Reeve. If he plays, he will fill what is still known as the Botham role more authentically than any previous candidate, because he is the first who is capable of bating in the traditional all-rounder's place at No. 6.

That place was initially reserved for Mark Ramprakash, who batted there all last summer, but his form would make him a senseless selection. While the rest of the squad enjoyed a day off yesterday, he was back in the nets under the gaze of his captain.

Gooch said: "I practised with him and had a chat about keeping his spirits up. He must keep doing things the way he always has and soon it will come right. He is very young and a couple of poor innings do not make him a bad player, but it is only natural he should worry about it."

It is at times like this that Gooch's captaincy is seen at its best. These days, he thinks it right to keep an authorita-

tive distance from his players and he is more likely to be seen plodding alone around the shops or quietly reading his Wilbur Smith novel than in the company of any of the cliques which develop on tour. But he makes certain he spends time with every member of the team, both to assess personalities and to encourage those who need it, as Ramprakash does now.

Gooch's very presence is crucial to England. On each of the last two tours, injuries to him have disorientated the side. With huge relief, then, it can be reported that despite discomfort from a long-term knee condition and the sudden reappearance of a growth on his right hand, there is no question of him missing this Test.

The knee, which has more than anything frustrated his habitual early-morning running routine, may need minor surgery before the next English season. The hand could also be cured under anaesthetic but he prefers to live with it. "Ten years ago in the West Indies it was painful," he recalled whimsically. "Our physio cured it by hitting it with a Bible."

Gooch has had a long list of opening partners in Test cricket and he will add another tomorrow in Alec Stewart. New Zealand also add a new apprentice to an old sorcerer, Blair Hardland joining up with the established John Wright, who cheerfully admitted yesterday that he is no part of the "Young Guns" policy being marketed here.

One who does fit that bill, however, is Chris Cairns, and if this series promotes the career of any New Zealander, the chances are it will be this tall, thrusting all-rounder who should prove such a good acquisition for Nottinghamshire next season.

When Gooch looked at the Test pitch yesterday, he found it was still wet and grassy. "It won't look like that on Saturday," he predicted.

As a newcomer to Tests in this country, however, he was surprised to learn that the runs-per-wicket ratio on this ground is the lowest anywhere in the world, lower even than Headingley.

"In any three-game series, you cannot afford to lose the first," he said. "When the first is played on a result pitch it becomes still more important. Patience could be the key to the series. These are slow wickets and it is not easy to get people out. You have to keep working until the break comes and then make the best use of it."

Gooch is anxious to correct the misconception that he dismisses spin bowling and I suspect he knows that Phil Tufnell gives him and England their clearest hope of winning.

Gooch now gushes praise for Tufnell and nominates him as the best young spin bowler he has seen for many years. This gentle, cathedral city is a good place for him to prove it.

NEW ZEALAND (probable): J G Wright, B S Hardland, M D Crowe (captain), A J Jones, M J Gassman, D M Patel or C J Harris, S A Thompson, C L Cairns, I D Siddle, D J Gower, C L Lewis, G G Russell, D R Pringle, P A J DeFreitas, P C R Tufnell.

England (probable): G A Gooch (captain), A J Stewart, G A Hick, R A Smith, A J Siddle, D J Gower, C L Lewis, G G Russell, D R Pringle, P A J DeFreitas, P C R Tufnell.

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Earning his stripes: Rodber hopes his mobility will pin down the Scots

## Restraint pays off as Rodber comes of age

BY DAVID HANDS, RUGBY CORRESPONDENT

A YEAR or so ago, the new England No. 8 fell a victim to fashion. Several of the younger forwards at Northampton paid a visit to the barber and had their jersey numbers etched on the back of their heads. Tim Rodber's hair has grown out, and the rest of him, you might say, has grown up.

Not physically, because at 6ft 6in he had no more growing to do, but mentally, he is a far more mature player than the youngster who went with England to Argentina in 1990. Then he seemed far too ready to join in any confrontation that was going. It was, admittedly, a tough tour and Rodber, now 22, is not one to take a backward step.

But he admits that he was perhaps over-hasty with his fists, and cites the stern advice given him by Roy Ulfrey, then England coach, after he saw Rodber take a swing at Neil Back of Leicester. "We don't want our future internationals punching other people or they won't be future internationals," Ulfrey, with a gimlet stare, told the crestfallen blond forward.

That probationary second lieutenant Rodber becomes an international when England play Scot-

land at Murrayfield tomorrow shows how swiftly the lesson has been taken to heart. "I toned down the physical side. I have learned that if someone tries to hit me it's probably because I'm getting the better of him, so I can laugh it off and get on with my game," Rodber said.

It is an attitude the Army will appreciate too. Rodber always wanted to be a soldier, and it seems appropriate that the lad born in Richmond, Yorkshire, should be on a five-year commission in the Green Howards, who hail from Richmond themselves. He arrived at the Royal Military Academy, Sandhurst, this month by way of Church's College, Peterfield, the Polytechnic of Oxford and a year in the Dordogne, in France.

Rodber has drawn on many sources to improve his game, but he has benefited from the influence of one man in particular. "I tried to learn from every No. 8 I played against," he said. "Then Wayne Shefferson came along and kicked me into gear and the B games [four of them] started coming."

Wayne's arrival at Northampton accelerated his game in terms of knowledge, of basic know-how, I

learned so much from him. I had ability, but he refined my game. He changed my attitude, the way a No. 8 thinks, fitness, body positions. The cumulative effect is that I now feel confident I can offer more than any other No. 8 in the country.

Rodber appreciates the substantial defensive attributes of Dean Rodger, a predecessor at No. 8, but feels he has other qualities. "I have a particular style of play, mobile, straight-running. I reach the breakdowns fast. I make the big tackles. I make space for other people. There is nothing more exhilarating than putting in a hefty tackle."

While he learned the way to a cap was opening Richards's form "bagged" Mike Tredge and Dean Ryan were injured, and Ben Clarke, another young contender, suffered a setback when he was suspended after a sending-off.

Even the Army has played its part. After training with England on Sunday, Rodber returned to Sandhurst to prepare for a survival course "somewhere in Kent, I think." Two nights on "camp" rations will have left him with a hearty appetite for Scotch broth.

## YACHTING

## Shifting winds creating havoc

FROM KEITH WHEATLEY  
IN SAN DIEGO

WIND conditions here are beginning to show their true, erratic nature. In Wednesday's race between the would-be America's Cup defenders, Bill Koch and Dennis Conner, the breeze varied from 26 knots to five and visited every point of the compass.

The first upwind leg saw the 75th yacht flying spinnakers for the final mile to the buoy. At the leeward mark they kept straight on past, rather than turning, heading for the new weather mark.

"I've been running races out of San Diego for 20 years and I've never seen anything as weird as this," Terry Harper, vice-president of race management for the America's Cup organising committee (ACOC), said. "The committee has boats that take readings all over the course. We're getting shifting individual reports differing by up to 60 at any given moment."

A high-technology private meteorology firm which does the predictions for the ACOC forecast calm seas with a five-to-seven knot breeze for Wednesday. "We thought we were talking to the right person on weather," Harper said.

Aboard the yachts the bewilderment was equally widespread. "At one point our crew was a little confused. They didn't know what leg we were on," Andreas Josephians, Bill Koch's tactician aboard Jayhawk, said.

Tom Whidden, Conner's veteran tactician, agreed. "We were muddled ourselves," he said. "If you looked around the race course there were private yachts hard on the wind and going in a dozen different directions."

In truth, there is nothing that can be done. Sailors take the weather as they find it. But a sequence of such days might reduce the Cup to the world's most expensive lottery rather than a sporting event producing winners with good claim to be the world's most technically skilled sailors.

To date, there seems no way of predicting the wind in San Diego. However, experience becomes even more valuable when responding to the shifts in the Conner-Koch race. Conner got every shift right, the novice Koch made some poor calls.

## World title in the grip of Australia

Jarvis Bay, Western Australia: The Australian champions, Mitch Booth and John Forbes, established a strong position lead in the international Tornado catamaran class world championship with their second win in a row in changeable conditions here yesterday (Bob Ross writes).

RESULTS: Fourth race 1, M Booth and J Forbes (Aus), 2, R Gaddler and P Farlow (Ger), 3, R van Teylingen and P Marlow (Ned), 12-13, S. Reeves and M. Koyman (Ned), 5, M. Prou and Y. Quenec'h (Fr), 6, B. Chou and B. Gribben (Switz), 7, S. Havelin and B. Gribben (Switz), 8, S. Havelin and B. Gribben (Switz), 9, S. Havelin and B. Gribben (Switz), 10, S. Havelin and B. Gribben (Switz), 11, S. Havelin and B. Gribben (Switz), 12, S. Havelin and B. Gribben (Switz), 13, S. Havelin and B. Gribben (Switz), 14, S. Havelin and B. Gribben (Switz), 15, S. Havelin and B. Gribben (Switz), 16, S. Havelin and B. Gribben (Switz), 17, S. Havelin and B. Gribben (Switz), 18, S. Havelin and B. Gribben (Switz), 19, S. Havelin and B. Gribben (Switz), 20, S. Havelin and B. Gribben (Switz), 21, S. Havelin and B. Gribben (Switz), 22, S. Havelin and B. Gribben (Switz), 23, S. Havelin and B. Gribben (Switz), 24, S. Havelin and B. Gribben (Switz), 25, S. Havelin and B. Gribben (Switz), 26, S. Havelin and B. 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FRIDAY JANUARY 17 1992

## Board sanctions "Run with the Ball"

# England players can now make money off field

By DAVID HANDS, RUGBY CORRESPONDENT

ENGLAND'S rugby union players, who begin the defence of their five nations' championship in Edinburgh tomorrow, have received official approval for their promotional "Run with the Ball" scheme.

In doing so, they have established a blueprint for the game's leading players to make money from their sporting fame within the framework of rugby's amateur regulations — that is, by way of non-rugby-related activities.

The International Rugby Football Board (IRFB) announced yesterday that the scheme, devised by England players in conjunction with their commercial advisers, the Parallel Media Group (PMG), fell within the regulations. However, the board has urged six-monthly checks by the Rugby Football Union (RFU) to ensure that any payments made are appropriate to the services rendered.

The England players will be able to advertise non-rugby products, provide services to non-rugby organisations, speak or appear at non-rugby functions, write books and articles, broadcast and open non-rugby premises.

## Williams ignores training mix-up

ALAN Davies, the Wales coach, was yesterday given the full backing of JPR Williams, despite Williams being left standing in the cold for 90 minutes when the team failed to arrive for training.

Williams, who was due to meet the players in his role as advisor and team motivator, left shortly before the team eventually appeared in Cardiff on Wednesday. Williams said the mix-up was down to lack of communication. "The important thing is that the team get properly prepared to face Ireland on Saturday. The fact that I was kept waiting is immaterial," he said. "I would gladly stand around

Brian Moore, the Harlequins hooker, speaking for the national squad, welcomed the decision: "It's the right one and I hope now we can concentrate on the game at Murrayfield. It's such a small amount of money per head that it has never been a motivating factor. I think it's a good blueprint which can be developed in the future."

The scheme will eventually be worth just over £5,000 to each member of the World Cup squad. Though some small interim payments may be made, the players are likely to wait until the end of the initial ten-month contract period, on May 31, when all stage payments from sponsors should have been completed, before the money accruing from non-rugby related spheres is divided on an equitable basis.

It is a month since the players, via their own company Playervision, announced details of the promotional campaign designed to take advantage of interest aroused by the World Cup. The RFU committee approved it but the Welsh, Scots and Irish unions asked for it to be referred to the IRFB's amateurism committee.

The result of that action constitutes a slap over the wrist for those three unions, and produced a tart reaction from Denis Evans, the secretary of the Welsh Rugby Union. "The scheme did not come within what we believed to be the interpretation of the amateur regulations but, if this is the case, then we are pleased and we will be reviewing the scheme to see how it may be exploited for the benefit of Welsh players," he said.

"I find it rather ironic that the storming of the battlements of amateurism now has England in the van. We will, of course, provide them with all the reinforcements they require." The Irish may be unhappy about yesterday's judgment, though their players have already benefited from a small-scale sponsorship agreement that did not require IRFB approval.

England's scheme involved five leading companies as "official supporters" of the national squad, a campaign worth over £1 million. The IRFB's main concern was that players should derive material benefit only for permitted activities; that payments should be reasonable in relation to those activities; and that the RFU should be able to exercise adequate control.

"It will be the responsibility of the RFU, as well as PMG, to ensure that the spirit of the regulations relating to amateurism is not breached by payments to Playervision which are excessive, bearing in mind the services rendered by the players for permitted activities," a board statement said.

The announcement coincided with England's departure for Edinburgh yesterday afternoon after completing preparations for tomorrow's game against Scotland. Geoff Cooke, the team manager, confirmed that all illness and injury doubts had cleared and that the players were close to reviving the momentum which carried them to the World Cup final against Australia last November.

Rodder grows up, page 30

## Students offer appetiser

TWO student internationals provide the opening course to the rugby union confrontation between Scotland and England this weekend. The full student teams of the two countries meet at Myreside this afternoon, while across Edinburgh, Scottish Universities play English Universities at Peffermill (David Hands writes).

Spencer Bromley, the Liverpool Polytechnic wing, has withdrawn from the English Students XV and his place goes to Chris Dossett, of Loughborough University. It is the first match of a student five nations' championship, which will lead into the student World Cup in Italy in July.

WHATEVER I expected to happen on Wednesday night, I did not expect to finish lying on the operating table at Leeds Royal Infirmary. As if it were not bad enough that we should outplay Manchester United and lose, I had to break my arm just above the wrist, an injury which will keep me out for at least five weeks.

It was all the more galling that the injury should have come at the moment when I thought I was going to equalise. When the ball came over, I was sure I was going to score. Just before I made contact with the ball, Gary Pallister made contact with me, forcing me to head wide and knocking me off balance. I fell awkwardly on to my left arm and that was that.

I do not for one minute



Net practice: Graham Gooch, the England cricket captain, is caught out playing tennis in Christchurch yesterday as the touring team relaxed before tomorrow's first Test match against New Zealand. Gooch also negotiated a more orthodox net at Lancaster Park, along with Ramprakash, who is struggling for form, and may lose his place at No. 6 to Reeve. Lawrence, the England fast bowler, was ruled out of the match after failing a fitness test and may return home next month. Test preview, page 30

## Lack of funding may weaken England's championship bid

FROM DAVID MILLER IN GOTHENBURG

REFUSAL by the government to give improvement grants to the Premier League clubs could jeopardise England's ambition to host the European championship finals of 1996. This would be the first significant football event in England since the World Cup 26 years ago. The draw for this year's European finals will be made here today.

The position regarding English grounds has become that much more urgent since it was revealed here yesterday that the number of teams in the 1996 finals will be increased from eight to 16, the same as when England hosted the World Cup, in which there are now 24 finalists.

Last night the FA was adjusting its formal presentation to be made to the UEFA executives this morning, to accommodate the increase.

Glen Kinton, the director of international relations for the FA, said: "We are confident we can accommodate what is required of us, and satisfactorily adjust our proposals."

Graham Kelly, the FA chief executive, last night denied that the government's decision could be a handicap. He

said: "If anything, we are regarded as favourites and the increase could strengthen our case because of our administrative capacity to handle the situation." Lennart Johansson, the UEFA president, considers that the chance of two nations hosting the finals jointly remains a possibility. Candidates besides England are The Netherlands, Austria, Portugal and Greece.

The UEFA stadium committee will make an inspection of grounds in the candidate host countries in mid-March, then report to the executive before the decision is made during the European finals in Sweden in June. Loss of government grants would be a sharp setback to the preparation of eight or nine stadiums that will now be needed.

The FA's intended proposal was for matches at Wembley, Old Trafford, Elland Road and Villa Park. The expansion of the finals is likely now to bring into consideration Goodison Park, Hillsborough, White Hart Lane and one of the three grounds in the northeast at Middlesbrough, Newcastle and Sunderland.

The game in England, after several years of suspension from European competition,

needs the stimulus that would be provided by the European event.

The Yugoslav football federation (YFF), fearful that political forces might endanger its presence as one of the finalists this summer, yesterday gave the executive the equivalent of a legal document which demonstrated that Yugoslavia cannot be excluded under the constitution of either UEFA or FIFA.

The document made the following points:   
□ The YFF was founded in 1919, has been affiliated to FIFA since 1921 and to UEFA since its foundation in 1954.   
□ Under YFF regulations, the associations of the republics of Bosnia, Croatia, Macedonia, Slovenia and Serbia and the associations of the provinces of Kosovo and Vojvodina promote Yugoslav football.

□ YFF can be excluded from FIFA/UEFA only if it should cease to exist voluntarily, withdraw from either, be excluded by either.   
□ YFF can be dissolved only when two-thirds of the eight associations decide to do so. Croatia and Slovenia have proposed dissolution, unanimously opposed by the other six associations.

□ As qualifiers for the European finals, they are legally entitled to take part.   
The letter goes on to state that YFF is exclusively sporting and outside politics. This has been already echoed by last week's joint statement by FIFA/UEFA, specifically referring to the participation of the former Soviet Union.

UEFA, of course, will not overlook — as Graham Taylor is also quick to point out — that Yugoslavia possess several of the best players in Europe, such as Pančev, the leading goal scorer last year, Savicevic and Prosinecki. Prosinecki has a Serbian mother and Croatian father, and is torn on whether or not he should play in the finals.

Taylor: admiration

Auriol became the first man to succeed as both a car driver and a motorcycle rider. He won the Paris-Dakar Rally motorcycle section on a BMW in 1981 and 1983.

Auriol, aged 39, a Paris restaurateur, said: "Once I was in the lead in Libya, I worried most of the time that I would have car problems."

ONE of Britain's leading sports administrators has attacked the International Olympic Committee (IOC) with words that are likely to damage Manchester's bid to stage the Olympic Games in 2000.

David Pickup, the director-general of the Sports Council and, ex officio, a member of Manchester's Olympic bid management team, said in Hong Kong: "The 92 members of the IOC are, as is well known, a self-perpetuating oligarchy. They are not, other than accidentally, representative of the major international federations of sport. They have no constituency to which they must answer."

"The IOC is, in socio-political terms, immature and shares, to paraphrase Winston Churchill, the traditional prerogative of the prostitute: the exercise of power without responsibility."

Pickup, who has wrongly sourced the quotation to Churchill of words spoken in 1931 by Stanley Baldwin, another former prime minister, is touring the Far East and Australia.

During his speech to the Reebok sporting luncheon club, he questioned whether this form of administration can long survive other than as a ceremonial level.

Bob Scott, the chairman of the Manchester bid committee, said: "I entirely disassociate the Manchester Olympic bid with the unattractive and careless comparison with prostitutes. It is a deplorable and cheap gibe." The IOC might be imperfect but it had done an enormous amount for sport and for British sport in particular, Scott said.

## Doubts cast over the future of rally

Cape Town: Hubert Auriol, of France, drove his Mitsubishi to victory in the first 7,766-mile Paris-to-Cape Town Rally yesterday amid controversy which could threaten plans to make it a regular event.

Officials at the finish played down reported criticisms of South Africa by the

organiser, Gilbert Sabine, but they could not confirm the trans-Africa rally would be repeated. "I do not know whether we will return to South Africa next year. I have been rather disappointed with the South Africans... their people are very inward-looking," Sabine said in an interview with Cape Town's

Argus newspaper. "We were assuming this would become an annual event," Rory Brown, of the South African organisers, said.

"Maybe if they don't want to come here every year, we can do a rally from Cape Town to Paris in alternate years."

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Auriol, aged 39, a Paris restaurateur, said: "Once I was in the lead in Libya, I worried most of the time that I would have car problems."

## No breaks for Leeds until the worst one of all

Lee Chapman, of Leeds United, reflects on an unhappy ending to his team's final encounter with Manchester United



cut holes in United's defence. This enabled me to have by far the most effective game I have enjoyed against United and on a luckier day I might have had three goals. I was just as pleased with my overall performance as I had been against Wednesday.

After my three goals on Sunday I had been surprised at suggestions (not least in this newspaper) that it might be beneficial for Leeds to leave me out of this match. It was for all that, Leeds lost and

now we are out of two cups with just the championship to chase. But we now know that there is not much to choose between us and Manchester United and the way we performed on Wednesday will have minimised any psychological damage to our championship campaign. It is still going to be a long, hard fight, with possibly a third team, Liverpool, entering at a later stage. Unfortunately, the next stage will be played without me. I know that the next few

weeks will be personally frustrating, especially when I am watching someone else play in the No. 9 shirt while I am sitting in the stand. Of course I have done it before. In 14 years as a professional footballer, I have broken my nose four times and had broken fingers, to name but a few of the inevitable injuries, but this is the most serious I have suffered. It has come at a time when I was playing as well as I have ever played, for the best team I have been a part of. As I write this, with someone else doing the typing, it seems like a normal day off after a match, but I fear depression lies in wait. I assume that my injury is not severe enough to force the manager to go out and buy a replacement, although much

will depend on how the results go, starting tomorrow against Crystal Palace. A run of defeats will probably prompt the manager to open his cheque book. I have faith in the present squad and can see no reason why they cannot improve until I am fit again. My arm will be in a heavy cast — which will prevent me training at all — for 17 days, then a smaller one which will allow light exercise. Five weeks from now I should be training fully, and I hope not far from my first match. One thing is certain: these will probably be the longest five weeks of the season for me.

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